



---

# ***Daily Report***

## **China**

FBIS-CHI-93-041  
Thursday  
4 March 1993

# Daily Report

## China

FBIS-CHI-93-041

### CONTENTS

4 March 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

Foreign Ministry Holds Weekly News Briefing .....	1
On Renewal of MFN Status [XINHUA] .....	1
On U.S. Comment on Taiwan [XINHUA] .....	1
On DPRK Nuclear Inspection [AFP] .....	1
On Human Rights Stance [XINHUA] .....	2
On Hong Kong's Budget Plan [XINHUA] .....	2
On Cambodian Issue [XINHUA] .....	2
Firm, ASIASAT Sign Launch Contract [XINHUA] .....	2

##### United States & Canada

Further on PRC-U.S. GATT Talks in Beijing .....	3
PRC 'Might Bypass' U.S. [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 4 Mar] .....	3
Li Lanqing Meets Delegation [XINHUA] .....	3
Source on 'Substantial Disputes' [Beijing Radio] .....	4
Official 'Optimistic' [Beijing Radio] .....	4
Warren Christopher Meets Ambassador to U.S. [XINHUA] .....	4

##### Central Eurasia

Councillor Li Tieying Receives Uzbek Minister [XINHUA] .....	5
Tajikistan Seeks 'Highest Level' Relations [XINHUA] .....	5
Bus Link Between Xinjiang, Kazakhstan Opens [XINHUA] .....	5
PRC, Russia To Build Bridge Over Border River [XINHUA] .....	5

##### Northeast Asia

NPC Vice Chairman Meets Mongolian Delegation [XINHUA] .....	5
Wan Li Meets Delegation [XINHUA] .....	6
Customs Office on Development of ROK Trade [XINHUA] .....	6
DPRK Leader Sends Letter to Youth Congress [RENMIN RIBAO 23 Feb] .....	6

##### Southeast Asia & Pacific

Thai Foreign Minister Discusses Road Links [Bangkok BANGKOK POST 4 Mar] .....	7
---	---

#### NATIONAL AFFAIRS

##### Political & Social

Wang Dan Open Letter Pledges Fight for Democracy [Hong Kong MING PAO 4 Mar] .....	9
Communist Party Central Committee To Meet 5 Mar [AFP] .....	9
Jiang Zemin Calls for Unity; Work Report Delayed [Hong Kong THE STANDARD 4 Mar] .....	10
Party Elder Bo Yibo Defends Tiananmen Verdict [Hong Kong SOUTH CHINA MORNING POST 4 Mar] .....	10
Jiang Chunyun Discusses Dialectical Relationships [QIUSHI 1 Feb] .....	11
Article Discusses Working Class Responsibility [QIUSHI 1 Feb] .....	13

## Military

Jinan PLA Marks Lei Feng Campaign Anniversary [Jinan Radio] .....	15
Xinjiang Urges Military Cadres To Enter Market [XINJIANG RIBAO 12 Feb] .....	16

## Economic & Agricultural

Small Enterprises Participate in World Convention [XINHUA] .....	16
Exchange Rate Mechanism Undergoes Change [Hong Kong WEN WEI PO 22 Feb] .....	17
'Economic Analysis' on Investment Trends in 1992 [RENMIN RIBAO 20 Feb] .....	18
Imports of Machinery, Electronics Increase in 1992 [XINHUA] .....	20

## REGIONAL AFFAIRS

### Central-South Region

'Abnormally' Cold Weather Hits Guangdong Crops [CHINA DAILY 3 Mar] .....	21
Guangxi To Further Develop Township Enterprises [Nanning Radio] .....	21
Hunan Secretary Lists Major Tasks for 1993 [Changsha Radio] .....	22

### North Region

Hebei Secretry Discusses Rural Work [HEBEI RIBAO 16 Feb] .....	22
--	----

### Northeast Region

Report on Heilongjiang's 1992, 1993 Budgets [HEILONGJIANG RIBAO 20 Jan] .....	26
Liaoning Secretary Attends CPPCC Session [Shenyang Radio] .....	35

## PRC MEDIA ON TAIWAN AFFAIRS

Taiwan Dissident Applies To Return to Taipei [Tokyo KYODO] .....	36
Taiwan, Mainland Nuclear Scientists Attend Forum [XINHUA] .....	36

## TAIWAN

President Li Meets Canadian Energy Minister [CNA] .....	37
Taiwan-French Economic Cooperation Increases [CNA] .....	37
Belarus Shows 'Interest in Strengthening' Ties [CNA] .....	37
South African Ambassador Arrives 2 Mar [CNA] .....	37
Nuclear Expert Group Attends Beijing Forum [CNA] .....	37
Cabinet Approves Vice Ministerial Appointments [CNA] .....	38
KMT Chairman Apologizes for Election 'Defeat' [CNA] .....	38

## HONG KONG & MACAO

### Hong Kong

Lu Ping Discusses 1997 With Hong Kong Delegation [ZHONGGUO XINWEN SHE] .....	39
Lu Ping Meets Hong Kong Commerce Delegation [ZHONGGUO XINWEN SHE] .....	39
Assures Foreign Firms on 1997 [ZHONGGUO XINWEN SHE] .....	39
Li Peng Meets Delegation [XINHUA] .....	40
Patten To Speak on Reform Package Future 5 Mar [AFP] .....	41
'Political' Budget Cuts Taxes, Increases Spending [Hong Kong SOUTH CHINA MORNING POST 4 Mar] .....	41
XINHUA Official on Budget [Hong Kong SOUTH CHINA MORNING POST 4 Mar] .....	42
PRC Refuses Entry Visa to Prison Researcher [Hong Kong SOUTH CHINA MORNING POST 4 Mar] .....	43

## General

### Foreign Ministry Holds Weekly News Briefing

#### On Renewal of MFN Status

OW0403125893 Beijing XINHUA Domestic Service in Chinese 1139 GMT 4 Mar 93

[By reporters Lu Jing (4151 0513) and Yang Zhaowen (2799 0340 2429)]

[Text] Beijing, 4 Mar (XINHUA)—Foreign Ministry spokesman Li Jianying said at a news briefing this afternoon that an unconditional renewal of China's most-favored-nation [MFN] status will contribute to Sino-U.S. economic and trade ties as well as to the restoration and development of the entire range of Sino-U.S. relations.

A reporter asked: U.S. Secretary of State Christopher recently criticized China on the trade, Tibet, human rights, and other issues, saying that the renewal of China's MFN trade status will depend on China's progress on these issues. What is your comment on this?

Li Jianying said: "The mutual granting of MFN status between China and the United States is the basis for economic and trade relations between the two countries; it is also a reciprocal and mutually beneficial arrangement. The unconditional renewal of MFN status will contribute to Sino-U.S. economic and trade ties as well as to the restoration and development of the entire range of Sino-U.S. relations; and it accords with the interests and desire of the people of the two countries."

The spokesman pointed out: To attach any condition to the restoration of MFN status will damage [you sun yu 2589 2275 0060] the normal economic and trade relations between China and the United States, and also the entire range of bilateral relations; therefore, it is unwise [bu ming zhi 0008 2494 2535] and is opposed [fan dui 0646 1417] by the Chinese side.

He said: "We are opposed to any move using the MFN status issue to interfere in China's internal affairs. To make irresponsible comments [wang jia ping lun 1174 0502 6097 6158] on another country's internal affairs does not accord with the norms governing international relations of mutual respect and mutual noninterference in each other's internal affairs."

#### On U.S. Comment on Taiwan

OW0403095393 Beijing XINHUA in English 0943 GMT 4 Mar 93

[Text] Beijing, March 4 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that an unconditional renewal of China's most-favored-nation (MFN) status will contribute to Sino-U.S. economic and trade ties as well as to the restoration and development of the entire range of Sino-U.S. relations.

The spokesman, Li Jianying, said that the unconditional renewal of the MFN status accords with the interests and desire of the people of the two countries.

Li made the remarks at a weekly press conference when he was asked to comment on the recent remark by U.S. Secretary of State Warren Christopher that the renewal of China's MFN trade status will depend on China's progress on trade, Tibet, human rights and other issues.

To attach any conditions at all to the restoration of MFN status will damage the normal economic and trade relations between China and the United States, and also the entire range of bilateral relations, therefore it is unwise, and unacceptable to the Chinese side, Li said.

He added, "the mutual granting of MFN status between China and the U.S. is the basis for economic and trade relations between the two countries. It is also a reciprocal and mutually beneficial arrangement."

"We are opposed to any move using the MFN status issue to interfere in China's internal affairs," Li said, adding that "to make irresponsible comments on another country's internal affairs does not accord with the norms governing international relations of mutual respect and mutual non-interference in each other's internal affairs."

Asked to comment on U.S. President Bill Clinton's reference to Taiwan as a "state", the spokesman expressed "regret" over this and aired the hope that "such a thing will not happen again".

To call Taiwan a "state" runs counter to the Sino-U.S. joint communique on the establishment of diplomatic relations, in which the United States recognizes the government of the People's Republic of China as the sole legitimate government, Li said. He noted that the United States agrees in the joint communique with the Chinese Government's position that there is only one China and that Taiwan is a part of China.

#### On DPRK Nuclear Inspection

HK0403125993 Hong Kong AFP in English 1201 GMT 4 Mar 93

[Text] Beijing, March 4 (AFP)—China said Thursday it wanted to see a resolution of the question of nuclear arms inspections in North Korea but did not specify whether or not it favoured such checks.

"China hopes that all parties concerned will properly settle the issues through consultations, and will continue to play its role to this end," foreign affairs ministry spokesman Li Jianying told reporters.

Last week, the International Atomic Energy Agency adopted a resolution giving North Korea one month to submit to inspections of two sites in the Yongbyon military complex suspected of containing nuclear waste.

Pyongyang has rejected the call on the grounds that such inspections would threaten national security.



China, a permanent member of the U.N. Security Council, is one of the few countries still supporting the economically faltering and increasingly isolated communist regime of Kim Il-Song in Pyongyang.

Japan, South Korea and the United States have been most vocal in their insistence that North Korea allow the inspections. Tokyo has gone as far as to make the issue a precondition for discussions on establishing diplomatic relations with the communist country.

#### On Human Rights Stance

OW0403103593 Beijing XINHUA in English 1018  
GMT 4 Mar 93

[Text] Beijing, March 4 (XINHUA)—The Chinese Government is opposed to the politicization of the human rights issue and interference in other countries' internal affairs on the pretext of protecting human rights, a Chinese Foreign Ministry spokesman said here this afternoon.

Spokesman Li Jianying made the statement at the weekly news conference, when answering a question about Western countries' accusations regarding China's human rights status.

"The Chinese Government always attaches importance to the human rights issue," Li said. "It respects and protects the fundamental rights and freedom of its people."

He said that China always holds that countries may discuss, exchange views and cooperate on the human rights issue on the basis of mutual respect and equality.

"It is natural that identical as well as different views exist on the human rights issue," Li said. "Therefore, we should seek common ground while reserving differences."

"We stand opposed to the politicization of the human rights issue, and interference in other countries' internal affairs on the pretext of protecting human rights, and in particular exerting political pressure on other countries by adopting resolutions in the United Nations human rights organizations."

#### On Hong Kong's Budget Plan

OW0403100093 Beijing XINHUA in English 0946  
GMT 4 Mar 93

[Text] Beijing, March 4 (XINHUA)—A Chinese Foreign Ministry spokesman said that China has taken note of the reports on Hong Kong's budget plan for this year and expresses its concern over the deficit.

The spokesman said this when answering questions from reporters.

"We hope that the Hong Kong Government will stick to its prudent financial policy of balanced revenue and expenditure so as to contribute to Hong Kong economic

prosperity and smooth transfer", said Li Jianying, Chinese Foreign Ministry spokesman, at the press conference here this afternoon.

#### On Cambodian Issue

OW0403092793 Beijing XINHUA in English 0915  
GMT 4 Mar 93

[Text] Beijing, March 4 (XINHUA)—China stands for comprehensive implementation of the Paris agreement and the realization of national reconciliation in Cambodia.

This was stated by a Chinese Foreign Ministry spokesman at a regular press conference here today when asked to comment on Prince Sihanouk's proposal for establishing a provisional coalition government in Cambodia.

Spokesman Li Jianying said that to maintain peace in Cambodia and establish an independent, sovereign, unified, peaceful and neutral state in Cambodia after the termination of the operations of the U.N. Transitional Administrative Council and the Cambodian Supreme National Council during the transitional period is a question of common concern to both the Cambodian people and the international community.

At this critical moment in Cambodian history, Li said, Prince Sihanouk is playing an important role as an experienced politician and leader highly respected by the Cambodian people.

#### Firm, ASIASEAT Sign Launch Contract

OW0303080993 Beijing XINHUA in English 0718  
GMT 3 Mar 93

[Text] Beijing, March 3 (XINHUA)—The China Great Wall Industry Corporation (CGWIC), the country's sole enterprise providing satellite launching services for overseas customers, signed a launch contract with the Hong Kong-based Asia Satellite Telecommunications Co. Ltd (ASIASEAT) Tuesday [2 March] for the launch of the "ASIASEAT-II" communications satellite.

Using a Long March 2E launch vehicle with boosters, the launch is scheduled for the first season of 1995 from the Xichang Satellite Launching Center, from where two Australian satellites have already been launched, a spokesman for CGWIC said.

According to the contract, the corporation will sell a perigee kick motor used in driving the satellite to its designed orbit.

The Great Wall Corporation successfully launched the ASIASEAT-I satellite with a Long March 3 launch vehicle on April 7, 1990, China's first attempt to launch an overseas satellite.

ASIASEAT-II will be a GE-7000 model, the largest among the GE satellite series, produced by the General Electric of the United States. The position of ASIASEAT-II will be at 100.5 degrees east longitude, the spokesman said.

## United States & Canada

### Further on PRC-U.S. GATT Talks in Beijing

#### PRC 'Might Bypass' U.S.

HK0403014793 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English  
4 Mar 93 p 1

[By Geoffrey Crothall in Beijing]

[Text] China hinted yesterday it might bypass bilateral negotiations with the United States in its attempt to rejoin the General Agreement on Tariffs and Trade (GATT) as rapidly as possible.

The U.S. has been charged with the task of negotiating a protocol for China's accession to the GATT but deputy trade minister Tong Zhiguang said Beijing would also be looking to other countries to help China regain its seat.

"We still hope to continue bilateral consultations with the U.S. and other contracting parties so as to propel China into GATT as soon as possible," Mr Tong was quoted by a ministry spokesman as saying.

The spokesman hinted that since differences existed between the various GATT members on the question of China's accession, Beijing would be seeking to gain support from its Third World allies in a bid to by-pass the tough conditions on GATT re-entry demanded by the U.S.

"At present we are only talking to the U.S. Perhaps in the future we will talk to other parties as well," he said.

"Through the joint efforts of other parties to push forward the negotiations of the China-GATT working party, we hope China can return to the GATT as soon as possible."

Western analysts pointed out, however, that China could not avoid dealing with the U.S. altogether.

"Apart from the being the most important world trade power, the U.S. has been entrusted with negotiating China's protocol," a trade specialist said.

"There is absolutely no way Beijing can get round that fact. They are just going to have to deal with it.

"The U.S. will consult with the other contracting parties on China's accession but the drafting of the protocol is a bilateral process between China and the U.S.

"At times China really does not seem to understand what the accession process is all about."

The Chinese government has been stunned by the announcement by the chief U.S. negotiator on GATT, Douglas Newkirk, that unless the mainland accelerates the pace of economic reform it could be at least seven years before it rejoins GATT.

"They clearly thought they had it sewn up after the market access agreement last year and this announcement has really come as something of a body blow," a western diplomat said.

However, the Ministry of Foreign Economic Relations and Trade (MOFERT) tried to put a brave face on the setback yesterday.

#### Li Lanqing Meets Delegation

OW0303133693 Beijing XINHUA Domestic Service in  
Chinese 1106 GMT 3 Mar 93

[By reporter Wen Jihua (2429 4949 5478)]

[Text] Beijing, 3 Mar (XINHUA)—Following the end of Chinese-U.S. consultations held in Beijing on the restoration of China's status as a signatory nation in GATT, Li Lanqing, minister of foreign economic relations and trade, this morning met the U.S. Government consultation delegation on GATT affairs, headed by W. Douglas Newkirk, assistant representative of the U.S. Trade and Negotiation Office. Negotiation representatives of the Chinese side and Tong Zhiguang, vice minister of foreign economic relations and trade, were also present. During the meeting, Li Lanqing was pleased by the progress made at the Sino-American talks on the protocol on restoring China's status as a signatory nation in GATT.

Li Lanqing said: It is our fundamental national policy to implement economic and trade restructuring. The implementation of this policy has subjectively made our economic and trade policies increasingly fit the demands of GATT. The conditions for the restoration of China's signatory nation status in GATT are now ripe.

Li Lanqing also exchanged opinions extensively with the U.S. delegation on the issue of developing Sino-American economic and trade relations. He said: As the United States and China are respectively the largest developed country and the most populous developing country, there is a very great potential for cooperation between the two sides. Sino-American cooperation on the issue of restoring China's signatory nation status in GATT is conducive to promoting economic and trade relations between the two sides as well as enhancing the vitality of the global, multilateral trade system.

It has been learned that the two sides have decided to continue consultations during the meeting of GATT's China Work Group in Geneva on 15 March.

It is understood that the Sino-American consultations on restoring China's signatory nation status in GATT were the first held in nearly four years. The two-day talks were constructive. The Chinese and U.S. sides held extensive, in-depth, and specific discussions on issues of common concern, and reached a consensus on many specific issues. Although differences still exist between the two sides on some issues, they both expressed their willingness to try to reduce them and jointly promote the process of restoring China's signatory nation status in GATT.

**Source on 'Substantial Disputes'**

OW0403101293 Beijing China Radio International in English to Western North America 0400 GMT 4 Mar 93

[From the "World News" program]

[Text] The two-day Sino-U.S. trade talks on the resumption of China's status in the General Agreement on Tariff and Trade [GATT] ended Wednesday [3 March] in Beijing. A Chinese official said: The two sides had an extensive discussion, but there are still substantial disputes on many important issues.

Chinese Vice Minister of Foreign Trade Tong Zhiguang and U.S. delegate Douglas Newkirk participated in the talks which had been suspended for nearly four years.

Tong Zhiguang said: The restoration of the talks themselves is meaningful. The two sides reached the consensus in many specific areas and agreed to make efforts to reduce the disputes.

China's Foreign Trade Minister Li Lanqing met with Newkirk after the talks. He also discussed the memorandum on market access.

**Official 'Optimistic'**

OW0403105393 Beijing China Radio International in English to Western North America 0400 GMT 4 Mar 93

[From the "Current Affairs" program]

[Text] China has moved closer to resuming its place in the General Agreement on Tariff and Trade [GATT], after two days of talks with U.S. trade officials in Beijing. China Radio International's Zhou Jianfu reports that China's negotiator is optimistic the country will reenter GATT this year. Here is Du Lijuan with the story.

[Begin Du recording] Chinese and U.S. trade delegates reached several agreements during their talks, which closed Wednesday [3 March] in Beijing. This was the first GATT-oriented meeting between the two countries since 1989. China seeks U.S. support for its application to reenter GATT as a contracting member. Chief Chinese negotiator Tong Zhiguang described the talks as concrete and constructive.

[Tong heard speaking in Mandarin, which then fades into English] Tong Zhiguang says: The two sides agreed on many specific issues. They both agreed that China needs to establish a uniform economic policy which governments at all levels will uphold. China also pledged to continue the process of clarifying and publicizing its trade policy. The government has circulated 40 internal documents concerning foreign trade, and revoked another 100 internal documents which no longer apply.

Tong Zhiguang says: China can meet the obligations required by GATT, but deserves time to do so as a developing country. But a timetable is especially important to prepare domestic industries for greater import access.

Foreign trade official (Long Yongtu) believes the distinguishing feature of this week's meeting is that the U.S. and Chinese negotiators discussed various specific issues. Both sides have prepared to resolve their differences. (Long Yongtu) knows that China's ongoing economic reforms bring the country closer to GATT standards as they serve the needs of the country.

[(Long) heard speaking in Mandarin, which then fades into English] (Long Yongtu) says: Both the United States and China realize that China's reform program is not simply a measure to return the country to GATT. The United States supports China's reform as a development in the right direction.

Chinese negotiator Tong Zhiguang is not entirely satisfied, however, with the U.S. negotiating tactics. [Tong heard speaking Mandarin, fading into English] Tong Zhiguang says: It's unfair of the United States and other GATT members to insist on extra conditions for China's return. The reinstatement protocol for China should not simply reflect the demands of other members. It should also reflect China's basic stance on issues. There should be a balance between the obligations China should assume and the rights and benefits China should enjoy.

The GATT working party on China has scheduled its next meeting in Geneva on 15 March. (Long Yongtu) says the United States and China have prepared a document for the meeting. This document will outline the agreement reached this week and serve as a basis for further discussion. Tong Zhiguang is optimistic that China will be able to return to GATT this year. He sees no reason for any contracting member to decline China's application. [End Du recording]

**Warren Christopher Meets Ambassador to U.S.**

OW0403030493 Beijing XINHUA in English 0209 GMT 4 Mar 93

[Text] Washington, March 3 (XINHUA)—U.S. Secretary of State Warren Christopher met with Chinese Ambassador Zhu Qizhen here Wednesday, and exchanged views on bilateral ties.

During the meeting, the Chinese ambassador said development of Sino-U.S. relations were consistent with fundamental interests of the two peoples.

With relations between the two countries standing at the crossroads, Zhu expressed the hope that the U.S. Government, acting with a strategic vision, abide by three joint communiques signed by both countries and overcome various artificially imposed obstacles. In so doing, he said, Sino-U.S. relations could be restored and developed fully.



## Central Eurasia

### Councillor Li Tieying Receives Uzbek Minister

OW0403090793 Beijing XINHUA in English 0854  
GMT 4 Mar 93

[Text] Beijing, March 4 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, met with Abdullayev, minister of higher and secondary polytechnic education of the Republic of Uzbekistan, here this afternoon.

The two sides expressed the hope that bilateral exchanges in education would be further enhanced.

Abdullayev and his party came to China on February 27 as guests of the State Education Commission.

### Tajikistan Seeks 'Highest Level' Relations

OW0403043893 Beijing XINHUA in English 0337  
GMT 4 Mar 93

[Text] Dushanbe, March 3 (XINHUA)—Tajikistan wishes to promote its friendly relationship with China to the highest level, the chairman of the Supreme Soviet here, Imamali Rakhmanov, said on the eve of his forthcoming visit there.

Rakhmanov, who will leave for Beijing on March 7, said the trip would be his first visit to a country outside the Commonwealth of Independent States.

He praised China's success in its economic reforms which had at the same time preserved the country's existing political system.

Being brought up in countryside himself, Rakhmanov expressed much interest in the development of rural enterprises and special economic zones in China.

On domestic affairs, Rakhmanov said the new government formed last November had taken a series of measures to end the conflict in the country and bring the situation under control. The blockade of the capital, Dushanbe, by opposition forces had been broken and fighting in the southern Kurgan-Tyube and Kulyab regions suspended. People who had fled from the fighting were now returning and production activities in the 15 worst war-hit regions had returned to normal.

Rakhmanov said tens of thousands of people had died in the civil war which had also made hundreds of thousands refugees and caused losses totalling 20,000 million roubles.

### Bus Link Between Xinjiang, Kazakhstan Opens

OW0103145193 Beijing XINHUA in English 1428  
GMT 1 Mar 93

[Text] Urumqi, March 1 (XINHUA)—A passenger bus service linking the Xinjiang Autonomous Region in northwest China and the Republic of Kazakhstan opened today.

Each side will dispatch a bus daily from their capitals of Urumqi and Alma-Ata. The 1,052-km trip takes 24 hours and costs 48 U.S. dollars.

Local officials say the route is the longest linking China and an adjacent foreign country. Xinjiang has four other international bus services to Kazakhstan, Kyrgyzstan and Pakistan. It also has rail and air services to Alma-Ata.

### PRC, Russia To Build Bridge Over Border River

OW0203155593 Beijing XINHUA in English 1517  
GMT 2 Mar 93

[Text] Heihe, March 2 (XINHUA)—In another sign of expanding ties between China and Russia, the two nations announced here today that they will jointly construct a highway bridge spanning the Heilongjiang River, which marks one section of the Sino-Russian border.

A geological survey is currently underway to determine the optimum location of the bridge in Heihe, a border town in Heilongjiang Province in northeastern China, Chinese and Russian officials announced today.

The bridge, which is expected to be completed in about two years at a total cost of 200 million yuan, will connect Heihe with the neighboring Russian city of Blagovescensk.

Officials from both cities said in today's ceremony that the bridge will become a major economic passageway not only for Russia and China, but also for Europe and Asia.

Officials said that trade between the two neighboring cities is among the largest along the Sino-Russian border. However, it has been obstructed by limited means of transportation. Commodities have been transported by boat in the summer and by truck driving over the frozen Heilongjiang River in winter months. But during periods of partial freezing or thawing, transportation of goods had to be stopped.

## Northeast Asia

### NPC Vice Chairman Meets Mongolian Delegation

OW0303121093 Beijing XINHUA in English 1111  
GMT 3 Mar 93

[Text] Beijing, March 3 (XINHUA)—Liao Hansheng, vice-chairman of China's National People's Congress (NPC) Standing Committee, met with a Mongolian Parliament delegation here this afternoon.

The delegation is from the Standing Committee on Foreign Policy and Security of the State Great Hural of Mongolia headed by its Chairman Dandzangiyn Luudeejantsan.

Liao had a friendly conversation with the Mongolian visitors.

The Mongolian delegation arrived here yesterday as guests of the NPC Foreign Affairs Committee.

#### Wan Li Meets Delegation

OW0403110593 Beijing XINHUA in English 0904  
GMT 4 Mar 93

[Text] Beijing, March 4 (XINHUA)—Wan Li, chairman of the National People's Congress (NPC) Standing Committee, met with a delegation from the Standing Committee on Foreign Policy and Security of the Great People's Hural of Mongolia here this afternoon.

The delegation was headed by Dandangiyn Luudeejantsan, chairman of the Standing Committee on Foreign Policy and Security.

During the meeting, Wan said China and Mongolia, friendly neighbors, will develop their ties in every field.

Over the past few years, he said, the continuous exchange of visits between the senior leaders of the two countries has helped promote mutual understanding and trust as well as good-neighborly co-operation.

Wan said the two countries, sharing a common border more than 4,600 km long, are keen to develop their own national economies and improve their people's living standards.

Luudeejantsan expressed his satisfaction with the growth of bilateral relations in economy, trade, science, technology and education, adding that he hoped such a relationship will be developed in depth.

#### Customs Office on Development of ROK Trade

OW0203100293 Beijing XINHUA in English 0931  
GMT 2 Mar 93

[Text] Beijing, March 2 (XINHUA)—Last year China's foreign trade with the Republic of Korea (ROK) witnessed rapid growth, recording a volume of 5.06 billion U.S. dollars.

This was an increase of 56 percent over the previous year, according to the latest statistics from China's customs.

In 1992 China's exports to the ROK reached 2.44 billion U.S. dollars, while its imports from there came to 2.62 billion U.S. dollars.

China's export growth rate last year was somewhat lower than that of the previous year.

Last year China's exports of primary products to the ROK accounted for over half of its total export volume, while its exports of finished industrial products to the ROK remained almost the same as in the previous year.

China's exports to the ROK include corn, crude oil, aquatic and marine products, cement, medical materials, cotton, coal, pig iron and ferrosilicon. The ROK is now

China's largest market for corn and cement and its second-largest market for coal, pig iron and ferrosilicon.

Last year China's main imports from the ROK were heavy chemical and industrial products and plastics.

Analysts attributed the development of foreign trade between the two countries to the formal establishment of diplomatic relations and the most-favored-nation treatment China granted to the ROK last year.

Besides, the increase of ROK investment in China last year brought about a rise in China's import of machinery and equipment, and materials for processing from the ROK.

#### DPRK Leader Sends Letter to Youth Congress

HK0403054193 Beijing RENMIN RIBAO in Chinese  
23 Feb 93 p 6

[Dispatch by reporter Zhou Bizhong (0719 1801 1813): "President Kim Il-Song Sends Message to DPRK Youth Congress, Saying Socialism Is Closely Bound With DPRK's Destiny"]

[Text] Pyongyang, 22 Feb (RENMIN RIBAO)—DPRK State President Kim Il-song said here today that the DPRK has the strength to uphold socialism and carry the revolution through to the end.

According to a Korean Central News Agency report, Kim Il-song made the above remark in his "Letter to the Eighth Congress of the League of Socialist Working Youth of Korea." Kye Ung-tae, Workers' Party of Korea Central Committee Politburo member and Central Committee secretary, relayed the contents of the letter at the Eighth Congress of the League of Socialist Working Youth of Korea, which closed today.

Kim Il-song said: Today, the Korean revolution is at an important historical juncture and the Korean people and youth are facing important and glorious revolutionary tasks.

He said: Whether or not we uphold the socialist cause and push it further forward is an issue of vital importance to the destiny of the Korean revolution. Korea's socialism has struck deep roots in the lives of the people and youth and is inseparable from Korea's destiny. The destiny of socialism is that of the Korean people and that of the youth.

Kim Chong-il, Worker's Party of Korea Central Committee Politburo Standing Committee member, secretary of the Central Committee, and supreme commander of the Korean People's Army, attended the closing ceremony today.

The Eighth Congress of the League of Socialist Working Youth of Korea opened in Pyongyang on 18 February.



## Southeast Asia & Pacific

### Thai Foreign Minister Discusses Road Links

BK0403021393 Bangkok BANGKOK POST in English  
4 Mar 93 p 7

[Text] Kunming—Three alternative road links feature prominently in discussions for enhanced cooperation between southern China, northern Thailand, Burma and Laos.

The options for an overland link to serve the sub-region were examined during talks at Sipsongpanna, the first stop after Peking of Foreign Minister Prasong Sunsiri's five-day official visit to China.

On his second and last stop here in Kunming, the minister last night was assured of support from the Governor of Yunnan, He Zhigiang, for the idea of developing communications links by land and river for the growing area.

Exploring possibilities for an overland link, and navigation in the upper reaches of the Mekong River are the main objectives of the foreign minister's visit to China.

During talks in Peking on Sunday [28 March] with Foreign Minister Qian Qichen, he offered Thailand as the venue for the meeting of experts of the four countries to explore ways of improving communications for the sub-region.

Governor Dao Ai Min of Sipsongpanna on Tuesday afternoon confirmed support for bolstering land and river communications.

But he emphasised the need for a direct air link between Sipsongpanna and Thailand and proposed that the new link begin with chartered flights.

He also suggested the introduction of border passes to facilitate and control travel between northern Thailand and Sipsongpanna. He argued that such a system had proved effective in the control of human traffic between Sipsongpanna and Laos.

Permanent Secretary for Foreign Affairs Pracha Khunakasem said the proposed border passes would require further discussion. He said he would pass on the proposal for a direct air link between Sipsongpanna and Thailand.

He also said he would convey to provincial authorities in Chiang Mai and Chiang Rai Governor Dao Ai Min's wish for closer relations and more exchanges of visits.

But Dr Pracha stressed that more exchanges of visits would be needed to promote investments and trade between Thailand and Sipsongpanna.

Sipsongpanna is currently in the "initial stage" of developing a tourism industry. The governor said Sipsongpanna received 1.2 million "local tourists" and 13,000 foreigners in 1992. The overland alternatives discussed during this meeting provided for linkups between Sipsongpanna and northern Thailand.

Two options provided for passage through Burma and Laos. The third option, the longest route, bypassed Burma.

For political and economic reasons Thailand is for a route that would draw Burma's participation as well as that of Laos. Bangkok insists on continuing "constructive engagement" with Rangoon and wants to bring together the Southeast Asian mainland and Indochina.

Foreign Minister Prasong spent Tuesday meeting local leaders in Sipsongpanna, the birthplace of the "Tai" race enjoying strong cultural affinities with the modern-day Thai.

Before leaving Peking on Monday, he was assured by Prime Minister Li Peng that Prime Minister Chuan Likphai would be welcomed to visit China.

Squadron Leader [SqN Ldr] Prasong made it clear that Mr Chuan would be ready to travel to China during the first half of this year.

Premier Li Peng said Thai-Chinese relations remained "close" despite change in external and internal situations.

President Yang Shangkun, who also received SqN Ldr Prasong in Peking on Monday afternoon, called on the two countries to strengthen bilateral ties by continuing their tradition of consultations.

He urged more trade and investments between the two countries, voiced appreciation for the Thai Government's promotion of Thai investment activities in China, and said China would do likewise.

The Chinese president called Sqn Ldr Prasong an "old friend" of China who had tried to further the cause of bilateral relations since they were normalised with an exchange of ambassadors in July 1975.

Sqn Ldr Prasong followed then Prime Minister Khukrit Pramot on the landmark trip to Peking. As deputy and

later full-fledged secretary general of the National Security Council, he subsequently joined several Thai delegations to China.

The foreign minister is due to head back to Bangkok from Kunming this evening.

### Political & Social

#### Wang Dan Open Letter Pledges Fight for Democracy

HK0403034293 Hong Kong MING PAO in Chinese  
4 Mar 93 p 66

[Article by Wang Dan (3769 0030): "An Open Letter to My Friends at Home and Abroad Who Showed Their Concern for Me"]

[Text] Now that I can enjoy freedom again I would like, first of all, to express my thanks to friends who have been concerned for me and my family over the past 3 years and seven months, and my respects to my fellow students who have been doing various hard jobs without remittance since the 4 June incident, to promote democracy in the China mainland. Taking this opportunity, I would also like to express my eager wish that people of all walks of life will continue to extend support to those "prisoners of conscience" still in jail.

The past four years may have been a lengthy period for us but the length of time just does not matter. What is important, is faith. Loss of freedom was a bitter experience but it made me realize how dear freedom is and how much of our enthusiasm and energy deserves to be used in pursuit of freedom. Based on this concept, I explicitly declared, on the very day I was released from prison, that my political convictions had not been changed in the past, remain unchanged now, and will not be changed in the future. To a certain extent, my past nearly four years in jail has reinforced my determination to dedicate my life to the cause of the democratization of China. I would like to give this ideal of mine as a present to my friends upon my release from prison.

After my release from jail, I will devote most of my energy to four tasks. First, I am going to make a systematic and comprehensive evaluation, in retrospect and prospect, of the origin and consequences of the 1989 democratic movement and the democratization process in the China mainland. Second, I am going to read some books, in the hope of enhancing my theoretical knowledge and improving my personal character. Third, I will try to increase my knowledge through actual work, to meet more people, and to seek a more profound understanding of the Chinese society. Fourth, I will do what I can to promote the democratic movement in the Chinese mainland, with a view to achieving political democracy in China. In this country, I will persist in my role as an open opponent acting within the limits of law.

I fully understand that on my own I can do very little, and my ability is very far from sufficient, whereas the road before me will be full of hardships and dangers. But I will never feel regret my choice and I will devote everything of mine to it. What I am going to do will be in keeping with three criteria, namely, I will live up to what the people expect of me, to history, and to my conscience. In my instrument of appeal to the CPC authorities, I noted that history will judge everything. By the

day of the trial by history, I think, I would be gratified if I was given the following appraisal: This man has done his best.

All of us, I think, cherish a common, sincere wish, that China will soon be turned into a democratic, civilized, and prosperous society. This is not just China's own affair but an important part of all mankind's efforts for progress. To this end we have paid the price in blood, life, and freedom. No price will go unrewarded. I have full confidence in China's future and I believe we are bound to win in our common struggle! Wang Dan Beijing, 25 February 1993

#### Communist Party Central Committee To Meet 5 Mar

HK0403105193 Hong Kong AFP in English 1010 GMT  
4 Mar 93

[Text] Beijing, March 4 (AFP)—The Chinese Communist Party Central Committee will open a crucial meeting here Friday, officials said, to finalize a new party and government leadership to guide the country into the 21st century.

The 170 central committee members have been arriving here from around the country this week to attend the closed-door party plenum, held in the Jingxi Hotel in the west of Beijing, the Chinese officials said.

A new Chinese administration is named every five years, and with patriarch Deng Xiaoping in frail health, the new line-up emerging from the plenum will be key in determining the country's run-up to the year 2000.

In a bid to ensure a smooth transition, the plenum is expected to give the nod for Party General Secretary Jiang Zemin to concurrently hold the office of head of state, currently held by Yang Shangkun, Western diplomats said.

Jiang, 66, who is also chief of the powerful Central Military Commission, would be the first leader to hold the three different posts since Hua Guofeng did so between 1976 and 1982. Jiang is considered a Dengist who supports economic reform while opposing political change.

Premier Li Peng, 64, is expected to retain his post, the diplomats said, adding that the positions of state vice president and speaker of the National People's Congress (NPC), the parliament, will be filled with new faces.

Several new vice premiers are also to be named.

The plenum is to be followed immediately by a new session of the NPC, staff at the Jingxi Hotel said. The NPC is to open March 15 and put a rubber stamp of approval on the leadership changes, then formally announce them.

In line with the party's directive, it will also amend the Chinese constitution to replace four decades of state

planning with a market economic system, as advocated by Deng, the architect of economic reforms.

Deng, 88, is eager to resolve the question of succession, analysts say.

Two separate provincial party officials confirmed by telephone Thursday the opening of the plenum, but declined to provide any details. Staff at the Jingxi Hotel in charge of the plenum were already working.

### **Jiang Zemin Calls for Unity; Work Report Delayed**

HK0403022493 Hong Kong *THE STANDARD* in English 4 Mar 93 p 5

[Report by S. L. Law]

[Text] Several provincial Governors and party secretaries, who are also members of the Central Committee, have been told to maintain unity by party chief Jiang Zemin. The instruction came yesterday with the committee's second plenary session to be convened in the next two days. Sources said Jiang's instruction reflected the alarm felt by the party at the failure of several of its candidates to win the chairmanships of provincial people's congresses in recent elections. Jiang also called for closer ties with the military.

In Zhejiang, Guizhou and Hubei, these officials are known to have lost to non-official candidates. According to the electoral law, delegates to provincial congresses are allowed to nominate their own candidates if the nomination is seconded by fellow delegates. However, sources said this system of competitive election was not allowed to function properly in Anhui and Sichuan provinces last month, when the authorities decided to hold reruns until the party's candidates won. Believing the election defeats could give the impression of party authority waning in the provinces, Jiang summoned the provincial leaders to issue the instruction.

Meanwhile, sources said the date of the plenary meeting had been changed repeatedly because of delays in drafting the final revision of Premier Li Peng's work report. "According to the original schedule, the half-yearly plenary session should be held in March. The top leaders once considered bringing it forward to late February but eventually settled for sometime this week," the source said.

The source said the changes had to do with the hiccups in the drafting of Li's report, which was complicated by remarks made by paramount leader Deng Xiaoping in Shanghai during the Lunar New Year holidays. Deng then said the pace of economic development should not be slowed despite signs of economic overheating. At the plenary meeting, a new party secretary will be appointed to the Tianjin municipality seat left vacant by the death of Tan Shaowen last month.

### **Party Elder Bo Yibo Defends Tiananmen Verdict**

HK0403020893 Hong Kong *SOUTH CHINA MORNING POST* in English 4 Mar 93 p 11

[Report by Willy Wo-lap Lam]

[Text] Party elder Mr Bo Yibo has defended the official verdict on the June 4 massacre as part of what analysts call a campaign by patriarch Mr Deng Xiaoping to safeguard his place in the history books. And in spite of dissolution of the Central Advisory Commission last October, veteran leaders with no official positions still exercise a major influence on policy.

Chinese sources yesterday said Mr Bo, a former commission vice-chairman, delivered his hardline message while taking part in a recent ceremony marking the publication of a series of books on Chinese culture. "The party leadership made the right decision on handling the 1989 turmoil," Mr Bo, 84, who is considered an ally of Mr Deng, said. "There is no question of revising the verdict (on June 4). Even international opinion has recognised (the correctness of) our decision."

Participants in the function, including senior writers and scholars who were editors of the series of books, were surprised because Mr Bo talked about the "taboo" subject of June 4 unprompted. A Chinese source said Mr Bo was under instruction from Mr Deng and his aides to dispel speculation that following the release of some dissidents, the democracy movement of 1989 might soon be "rehabilitated". "Deng Xiaoping has served a warning to senior party cadres that if the June 4 verdict were overturned, the Communist Party itself would be imperilled," he said.

The source said that to "buy off" those party elders who opposed his views on June 4, Mr Deng was prepared to give them more authority. Since the 14th Party Congress last October, the Politburo, led by party General Secretary Mr Jiang Zemin, had convened "briefing sessions" for the elders. During these meetings Mr Jiang and other Politburo members explained ongoing policies and sought the advice of the "first-generation revolutionaries". Veterans who have regularly attended the briefings include Mr Bo, Mr Song Renqiong, Mr Wan Li, Mr Gu Mu, Mr Xiang Nan and General Li Desheng. While they are always invited, conservative patriarch Mr Chen Yun, Vice-President Mr Wang Zhen, and former National Congress chairman Mr Peng Zhen are too ill to attend.

"Because of his special relations with Deng and his good health, Bo Yibo has become the de facto chief of the elders," a Chinese cadre said. "However, with the commission abolished, the elders have no office or staff which could become a base for operation." On a recent occasion, Mr Jiang called upon Mr Bo to act as a "bridge" between the Politburo and the elders. The cadre added Mr Jiang, whose power base in the party and army was shaky, was anxious to secure the blessings of the elders.



On the eve of the Lunar New Year, the party chief gave instructions to cadres of all levels to "honour the elders" by visiting them and seeking their advice. Political analysts said that with the sidelining of the out-going President, Mr Yang Shangkun, Mr Deng was relying on Mr Bo, the head of the Shanxi faction, to defuse contradictions among the various cliques of elders.

### **Jiang Chunyun Discusses Dialectical Relationships**

*OW0403115793 Beijing QIUSHI in Chinese No 3, 1 Feb 93 pp 7-9*

[Article By Jiang Chunyun, member of the Political Bureau of the CPC Central Committee and secretary of the Shandong CPC Committee: "Correctly Handle Several Dialectical Relationships In the Current Economic Development"]

[Text] Buoyed by the important remarks that Comrade Deng Xiaoping had made during his inspection of South China and by the spirit of the 14th CPC National Congress, our national economy has entered a new stage of accelerated development. To maintain the excellent momentum of the economic development and to gradually realize the grandiose goals set at the 14th CPC National Congress, it is vitally important to unwaveringly implement the basic line of "one central task, two basic points," to follow Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and to take the position and adopt the point of view and method of dialectical materialism and historical materialism to suitably handle various contradictions in the course of the economic development. As far as Shandong is concerned, it should pay particular attention to handling well dialectical relationship in the following seven areas.

**1. Mind Emancipation and Seeking Truth From Facts.** There is a unity between mind emancipation and seeking truth from facts. Comrade Deng Xiaoping pointed out: "Mind emancipation means bringing thinking into line with reality and making subjective thinking in accord with objective thinking. What then follows is seeking truth from facts." Understanding that is divorced from reality and that goes against objective law; actions that proceed from dogmatic rules and preconceived ideas; ideological taboos that "stop one from overstepping the boundaries set by the ancients"; and the running of things in a perfunctory and impulsive manner are tendencies which can be termed subjective and which all go against the spirit of mind emancipation and seeking truth from facts.

The reason we keep stressing mind emancipation is that we want constantly to overcome "leftist" influence; do away with old, traditional concepts and thinking only of small-scale production; break away from the trammels of conservative ideas that impede the development of productive forces; and to realize a new breakthrough in understanding. As long as we follow the principle of

Comrade Deng Xiaoping's "three conduces" [conductive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, and improving people's living standards], we can dare to rush ahead and experiment. At the same time, the more the economic situation turns for the better, the more we need to remain sober-headed, persist in seeking truth from facts, and guard against a headlong rush to start new projects in disregard of objective conditions. Once we are sure that we can get things done, then we should go ahead and do them well. If conditions do not exist, we should conduct investigations, and study and create them; however, we must guard against making rash advances. A leader must be adept at handling well the dialectical relationship between "cold" and "hot." When everyone is "cold," the leader should make more remarks about "hot" so as to "heat" everybody up; but when people get "heated" up, the leader should remain cool-headed, take heed of and uncover problems in a timely manner, and nip them in the bud. Practice has shown that correct handling of such dialectical relationships will be conducive to producing good and rapid economic development. Incorrect handling of dialectical relationships, disregard for objective reality, and inconsistency will lead to adverse consequences for the economic development. Guiding economic construction can be likened to boiling water; how to boil the water and prevent it from spilling out the kettle are important. As Comrade Jiang Zemin has instructed, it is necessary to protect well, lead well, bring to play the heightened enthusiasm and initiative of the masses, and bring about the rapid, steady, and smooth economic development; and to avoid incurring losses, sharp rises and abrupt falls in the economic development must be prevented.

**2. Doing Our Best and Acting According to Our Ability.** The important speech by Comrade Deng Xiaoping in his southern tour, and the 14th CPC National Congress, both emphasized that seizing the opportunity and speeding up economic development are the solid rationale of development. Therefore, during economic development, it is imperative to exert the subjective initiative in full, to do our best, and to speed up the pace when conditions are right. We should not allow the human factor to hinder the speed of development. However, economic development has conditions, and different conditions will result in different pace in the speed of development. We must resolutely do what can be done. But if we insist on doing what cannot be achieved, it means we are merely making haste without success. Particularly, in infrastructure, we must act according to our ability, and implement them step by step with a general plan in mind. If we introduce new projects blindly, it could lead to duplication and end up wasting effort, thereby dampening the enthusiasm of the people. For instance, in Shandong, in the east and west, in the city and in the countryside, the conditions for economic development vary enormously. We cannot act with rigid uniformity and treat everyone with the same recipe. We must suit measures to local conditions and proceed from



local realities to determine our own objectives, methods and measures for development. Development in the east should be faster than the average level in Shandong, while in the west, it should be a little slower. We should do our best to support those with the ability to speed up development. We must provide major support to localities with poor conditions for economic development by means of policy and capital on favored terms, to help them catch up as soon as possible.

### 3. Economic Development and Reform and Opening Up.

China's economic development in the last 14 years has mainly been the fruit of reform and opening up. Henceforth, we must develop faster and better, and should further deepen reform and open wider to the outside world by developing during reform and by reforming during development. Without tackling reform, it is difficult to speed up development even if one tries hard. By grasping reform, economic work will be elevated to a new level. At present, we must revolve closely around the general objective of building a socialist market economy structure, and focus on the four aspects of reform: First, we must speed up the transformation of the enterprise working mechanism to push enterprises toward the market. In the light of the "Enterprise Law" and "Regulations for Transforming the Working Mechanism of Enterprises Owned by the Whole People", we must further implement the rights of enterprises to make their own decisions so that they will truly become the main players in a socialist market economy, as well as independent legal persons. Second, we must speed up the pace of organizational reform. At present, organizations are overmanned, and a lot of abuse derives from this factor. Doing well in organizational reform is a pressing matter. We have had experiments and experience concerning reform in this regard, and methods have been found. The cadres and people also have better ideological preparation, and the conditions are right. We should not miss the opportunity to press ahead with reform in this regard. We estimate that organizational reform in counties and townships throughout the province this year will be completed in general, and organizational reform in the provincial and city organs will experience major breakthroughs. By means of "transfer, merger, dissolution and establishment," we will reduce the personnel in provincial, city, prefectural, county and township organizations by between one third and one half in 1994. Third, we must deepen rural reform. We must stabilize the household contract system, perfect two-tier operations, strengthen the collective economy, expand cash crop cultivation, improve the service system, and integrate agriculture, industry, commerce, trade, technology and transportation in a bid to achieve major progress. Fourth, we must improve supplemental reform. We must grasp reforms to build markets, the legal system and financial structure, and vigorously develop structures for information, technology, skilled workers, marketing, transportation, labor services, banking, insurance, real estate and neighborhood services in an effort to gradually establish and perfect the

socialist market economy structure and create a favorable environment for the sustained, coordinated and rapid development of Shandong's economy.

### 4. Microeconomic Decontrol and Macroeconomic Regulation

In our country's economic restructuring, "decontrol" and "management" are two aspects where difficulties exist. For a long period in the past, we implemented a highly centralized, planned economic control system, which rigidly controlled enterprises and the economy and severely restricted the development of productive forces. Since the Third Plenary Session of the 11th CPC Central Committee, particularly following Comrade Deng Xiaoping's talks during his tour to the south, we have done a tremendous amount of work and made notable achievements in streamlining the administration, in delegating powers, in decontrolling and invigorating the economy. However, there are generally still no proper solutions for the problem of governmental departments interfering in enterprise operations. Currently, we should continue to stress the delegation of powers to enterprises and relinquish all inessential tasks to them. Meanwhile, the socialist market economy is an orderly and unified economy inseparable from essential macroeconomic regulation and control. Delegating power does not mean that we give up control completely, but rather, we should improve on the macroeconomic guidance and manage only essential tasks. From now on, the government should focus on developing the socialist market economy, consolidate market information work, make timely market analysis, and guide the market. It should comprehend general demand-supply relations and maintain the equilibrium or fundamental equilibrium of the overall economy so as to make economic operations conform to industrial policies and industrial policies conform to economic regulations in turn for best economic efficiency. It should provide efficient services to all enterprises and industries, create a good social environment for economic development, make effective and leading forecasts on economic development, and make timely decisions on major issues concerning economic operations. Only when relations between microeconomic decontrol and macroeconomic regulation are appropriately handled, can the socialist market economy be vitalized and orderly, and maintain a sustained, coordinated, and high development.

### 5. Accelerate Development and Scientific and Technological Advancements

Currently, everyone wants to promote a faster and better economic development. However, how are we going to do that? We should effectively tackle crucial and key tasks, that is, promoting scientific and technological advancement and upgrading worker quality. To accelerate economic development, it is necessary to embark on some new construction projects of higher scientific and technological level and undertake more projects involving new and high technology. More importantly, we should effectively carry out the technological transfer and enterprise transformation process, vigorously promote technological advancement, and actively develop products of high technology, high added

value, high market share rate, and with high foreign exchange earnings capability.

To accelerate the development of scientific and technological education, we should first have a good understanding of the task. It is necessary to truly place scientific and technological education on a prominent, strategic, and foremost position. Top leaders must possess awareness in promoting science and technology as a primary productive force. Secondly, we should plan well. As in the case of economic construction, we should plan realistically as well as possess clear goals, clear tasks, and clear demands in developing scientific and technological education. We should upgrade our educational undertakings in science and technology to a new level once every few years to meet the needs of economic and social development. Therefore, it is important to select a correct way. It has been proven in practice that an integration of education in agriculture, technological studies, and economics is an efficient way of promoting a quick transfer of scientific and technological achievements into the productive force. To revitalize scientific and technological education, we must thoroughly implement policies that are capable of arousing the enthusiasm of the vast number of intellectuals and society. The fundamental way to accelerate development of scientific and technological education is through deepening reform. We must resolutely reform all kinds of old systems, rules, and regulations that hamper the development of scientific and technological education. This is to establish a scientific and technological system as well as an educational system suitable for establishing the socialist market economy, and for invigorating educational undertakings in science and technology.

**6. We Should Have a Long-Term Plan and Pay Great Attention to the Current Realities.** To carry out the guiding spirit of the 14th National CPC Congress, we need a long-term plan and objective point for economic development. But it is imperative that we pay great attention to the current realities and proceed from them. Without having a long-term plan, we will tend to relax our efforts and act blindly; without paying great attention to the current realities, any grandiose plan will be but an empty dream. In this new year, we should be united as one in all endeavors and carry out our work in a down-to-the-earth manner so as to ensure that our economic and other undertakings will make progress. In guiding the work, we should take the overall situation into consideration and focus on the main points. In agricultural aspects, we should further strengthen the role of agriculture as the foundation of the national economy by following the road of developing a fine-quality, high-yield, low-cost, and high-efficiency agriculture. In terms of industrial development, we should focus on readjusting and optimizing structure. Great efforts should be made to upgrade technological standards and product quality. We should exert an all-out effort to develop tertiary industry. We should make sure there is a great breakthrough in promoting an export-oriented economy. While paying attention to short-term development, we should also take into consideration our long-term goal. For example, some localities take up large tracks of land to carry out development zone projects or real estate development projects. Being

short of scientific proof and planning, some of these projects lead to a waste of land resources. From an immediate and partial point of view, the problems seem not so great. But our land resources are limited. If a province increases its population by the equivalent of an extra county a year, then farmland equivalent to the size of one county will be lost. If the situation continues, how many acres of land will we leave for our descendants to live on? How much space will be left for economic development? From now on, we should all pay attention to this problem. It is imperative that we strictly forbid indiscriminate use of farmland. Never shall we let our descendants eat the "bitter fruit" of the tree we grow today.

**7. Material Civilization and Spiritual Civilization.** Comrade Deng Xiaoping has always advocated the principle of improving material and spiritual civilizations at the same time. The 14th National CPC Congress also clearly emphasized this principle. While focussing on economic development and stressing that all other work should be subservient to and give service to this central task, we should also pay great attention to the building of socialist spiritual civilization, to the work of party building, to the improvement of a democratic legal system, to the improvement of public order, and to the implementation of ideological and political work. In this way, we can provide an effective guarantee and support for the drive for reform, opening up, and economic development.

Economic development is a complicated and arduous project. In the course of economic development, new contradictions and problems will crop up one after another. Only by following Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, comprehensively carrying out the guiding spirit of the 14th National CPC Congress, and adhering to the principle of dialectics and the doctrine that "everything has two aspects," can we avoid the mistake of acting blindly, enhance our self-consciousness, and accelerate the transition from the "realm of inevitability" to the "realm of freedom." Only in this way, can we do our work according to objective law and gain the initiative in guiding work so as to achieve a new success in building socialism with Chinese characteristics.

#### Article Discusses Working Class Responsibility

OW0403023693 Beijing QIUSHI in Chinese No 3,  
1 Feb 93 p 10-12

[Article by Ni Zhifu to commemorate the 70th anniversary of the Great Strike of 7 February 1923: "The Historic Responsibility of Modern China's Working Class"]

[Text] This year is the 70th anniversary of the Great Strike of 7 February 1923. In commemorating "February 7," when the whole party and the people of the whole country are making serious efforts to study and implement the guidelines of the 14th CPC National Congress, we must inherit and carry forward the glorious traditions of "February 7" and shoulder the historic responsibility of modern China's working class.

The Great Strike of 7 February 1923 was a glorious page in the history of China's labor movement. Seventy years ago, to win the right to form a trade union federation and to oppose the high-handed policies of feudal warlords, the workers of the entire Beijing-Hankou Railway launched a political strike, which shocked China and foreign countries. When faced with the enemy's butcher's knives, labor leaders Shi Yang and Lin Xiang-qian shouted the pledge that "heads can roll and blood may flow, but without the order of the trade union federation we will never go back to work," and then they died courageously. Although this strike was strongly suppressed by the enemy, it left behind eternal glory in the history of China's labor movement. It was the first climax to emerge in the labor movement led by the CPC. Political orientations were extremely clear, and the spearhead was aimed at capitalism and the feudal warlords. The great strike demonstrated that the Chinese working class had changed from a class in itself into a class for itself, and had entered the stage of Chinese history as an independent political force to shoulder its own historic responsibility.

In the 70 years, the Chinese working class has been fighting bravely under the constant leadership of its own vanguard, the CPC, to accomplish the historic mission—"to topple the old world and build a new one." We have fulfilled the historic mission to topple the three big mountains [imperialism, feudalism, and bureaucrat-capitalism] and have founded New China, and we have also established the socialist system across the land. Now, under the party's leadership, we have embarked on a new Long March to build socialism with Chinese characteristics. Seventy years of great practice proves that the Chinese working class has lived up to its name as the leading class of the Chinese Revolution, and is the main force in revolution and construction.

At present, China's modernization drive has entered a new phase. The 14th CPC National Congress held not long ago, which has great historic significance, carries forward the cause of our predecessors and forges head into the future to further point out the course of building socialism with Chinese characteristics. The historic responsibility of modern China's working class, under the leadership of the CPC, is to further consolidate the worker-peasant alliance, unite people of all races in the whole country, uphold the party's basic line, press ahead diligently along the socialist road with Chinese characteristics, step up the pace of reform, opening, and modernization, and build China into a modern socialist country that is strong, democratic, and cultured!

To shoulder their own historic responsibilities, the Chinese working class must further emancipate their minds and actively partake in and promote reform. The basic task of socialism is to liberate and develop productive forces, and reform is a revolution that will do so. Reform represents self-improvement of the socialist system and the necessary path to make the country strong and the people rich. The 14th CPC National Congress defined that the goal of economic restructuring in China is the

establishment of a socialist market economic structure. This is an enrichment and development of the theory on building socialism with Chinese characteristics, as well as an important theoretical breakthrough. Defining this goal will further advance reform and opening up and greatly promote liberation and development of productive forces; however, building a socialist market economic structure is a formidable and complicated social project which cannot be attained in one stroke. The process of implementation is filled with various contradictions. Ideas will be changed, and interests will be adjusted—so much so that the temporary interests of some workers will be affected.

As a leading force of reform and economic development, the working class should strive to study, in the practice of establishing and developing a socialist market economy, the guiding spirit of the 14th National CPC Congress. They should further emancipate their minds, renew their thinking, and discard their unscientific or even distorted understanding of socialism. They should establish a new way of thinking that is in line with objective realities and a socialist market economy. Proceeding from the overall situation of reform and economic development, they should correctly treat the contradictions and difficulties that crop up in the course of reform. They should enthusiastically jump into the great current of reform and passionately take part in, give support to, and push forward the reform drive. With a high sense of responsibility and mission, workers and staff members of enterprises should spare no effort in helping change management mechanisms and deepen enterprise reform, including that of labor, personnel, wage distribution, and social security. Of course, while engaging in various kinds of reform, we should pay due attention to the interests of the state and collectives, as well as of workers and staff members. Full consideration should be given to the overall enduring abilities of workers and staff members. We should see to it that a majority of workers and staff members reap the benefits of reform. At the same time, we should provide basic daily necessities to a small number of workers and staff members who suffer from economic difficulties. Only in this way can we protect and bring into play the enthusiasm and creativity of working class people and continuously push forward reform.

To shoulder their historical responsibility, China's working class should treat themselves as masters of the state, work hard, and be bold in making innovations to contribute to the socialist modernization drive. In a socialist public ownership system, workers and staff members are the masters of the state and enterprises. The state and enterprises, as well as the workers and staff members, share a common interest in enterprises. The broad masses of workers and staff members should bring their enthusiasm, intelligence, and creativity into full play to strengthen the vitality of enterprises and enhance their economic results. They should walk through thick and thin with enterprises in the midst of market competition. Regarding market economic conditions, we



should not only pay attention to increasing production, but also to reducing costs and improving quality and variety. If we cannot capture the market with good quality, low prices, and easy-to-sell products, we simply cannot increase enterprises' vitality and economic results. The more competitive the market becomes, the more there is a need for us to improve scientific research, technical renovation, and management among enterprises. Under this situation, enterprise leaders should try every possible way to encourage talented personnel and tap their potential and rely on workers and staff members to run their enterprises effectively. The broad masses of workers and staff members should actively participate in labor emulation, the drive to provide suggestions to rationalize the industrial structure, technological renovations, inventions, creations, technical cooperation, tackling key technical problems, and other activities related to production and technical improvements. They should help enterprises improve technical standards, achieve technical progress, and enhance enterprises' economic results to ensure that they will be winners in market competition. In this way, we can make sure that the public ownership economy will be in a leading position under market conditions. The working class must support the national policy of opening to the outside world. Workers and staff members in foreign-funded enterprise are also masters of the state. They also make contributions to socialist modernization, and they should continuously improve their quality and safeguard their legal interests and rights. In the meantime, they should cooperate with foreign businessmen in developing their enterprises, and they should safeguard a stable labor relationship with foreign-funded enterprises. In this way, they can create favorable social conditions for opening wider to the outside world and attracting more foreign investment.

To carry out its historical mission, China's working class should promote the development of socialist democracy and strengthen the legal system and carry out, according to law, its duty of participation in promoting democracy and of democratic supervision. Under the conditions of a socialist market economy, it is more important to take part in promoting democracy and in democratic supervision because of the existence of different forms of ownership and distribution. The fundamental demand of socialist democracy is that the people become the masters of the country under the leadership of the party. The most frequent, most extensive, and most concrete form of evidence to show that staff members and workers are the masters of the country is democratic management, the basic form of which is workers' congresses, and other forms of workers' participation in the deliberation and administration of state affairs. Only when staff members and workers in various enterprises and institutions are able to exercise their right to participate, according to law, in discussing and deciding issues closely related to their vital interests can their status as masters of the country be embodied and really guaranteed and can their high sense of being the masters of the country be aroused, thus pushing ahead the development of reform and construction. According to the constitution, staff members and workers should also participate in, through various channels, managing

state and social affairs. Trade unions, the organized channels of staff members and workers, should play a more important role in this respect. Trade unions should actively participate in drawing up reform programs, participate in the study of major policies, reflect the opinions and proposals of staff members and workers, promptly discover and correct faults that may emerge, and supervise the work of the government. The socialist market economy is an economy based on law. Staff members and workers should study laws, understand laws, abide by laws, apply laws, constantly enhance their awareness of the legal system, keep their behavior within the limits of the law, and protect their legitimate rights and interests with laws.

To carry out its historical mission, China's working class should arm itself with Marxism and strive to enhance its ideological, moral, cultural, and technological quality. Staff members and workers should earnestly study and profoundly understand Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, act in unison with the guidelines of the 14th CPC National Congress, constantly enhance their socialist faith and spirit as the masters of the country, foster a correct standard of values and a correct concept of morality, link personal interests with the future and destiny of the state, highly value the spirit of selfless sacrifice, consciously observe labor discipline, constantly acquire new knowledge, and bring up, in the great practice of reform and construction, a working class contingent that cherishes lofty ideals and moral integrity, becomes better educated, and observes discipline.

The 14th CPC National Congress has drawn up a grand blueprint for us. Therefore, the working class shoulders a major historical mission in the socialist modernization drive. We must inherit and carry forward the fine traditions of the working class, rise to meet the challenge, fear no sacrifices, keep forging ahead, work hard, and win still greater victories in building socialism with Chinese characteristics.

## Military

### Jinan PLA Marks Lei Feng Campaign Anniversary

SK0303070593 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 2 Mar 93

[Text] On the afternoon of 2 March, Jinan Military Region ceremoniously sponsored a meeting in the Bayi Auditorium to mark the 30th anniversary of the campaign of learning from Lei Feng.

Attending the meeting were leading comrades from the military region and the organs under the military region, including Song Qingwei, Yan Zhuo, Dong Xuelin, Qu Jining, Yang Guoping, Hao Baoqing, (Zhao Jingtian), Yuan Shoufang, Huang Xuelu, Liu Guofu, and (Liu Chuanpeng); as well as the principal leading comrades of the People's Liberation Army (PLA) units stationed in Jinan.

During the meeting Qu Jining, deputy political commissar of Jinan Military Region, delivered a speech in which after reviewing the achievements scored by the PLA units under the military region over the past 30 years in the activities of learning from Lei Feng, he pointed out that the building of armed forces is entering a new historic stage. In learning from Lei Feng under the new situation, we must put our starting point and foothold on strengthening the cohesive force of PLA units; upgrading the PLA units' fighting strength; promoting the modernization of PLA units; and regularizing and systematizing the activities of learning from Lei Feng. He urged the broad masses of officers and soldiers throughout the military region to actively plunge into the activities of learning from Lei Feng; to implement with down-to-earth action the general demands put forward by the Central Military Commission with regard to being qualified in politics, being perfect in military skills, being excellent in work style, being strict and impartial in discipline, and being powerful in the safeguarding task; and to accelerate the pace of revolutionizing, modernizing, and regularizing the armed forces.

During the meeting, an order and notice of commending the advanced individuals and collectives outstanding the activities of learning from Lei Feng were announced. The advanced individuals outstanding in these activities, including (Chen Degang), (Bai Hongshan), (Qu Ning), (Li Fengmei), (Hu Mingzhong), and (Xing Yanyin), delivered reports on describing their advanced deeds scored in learning from Lei Feng.

#### **Xinjiang Urges Military Cadres To Enter Market**

OW0303101893 Urumqi XINJIANG RIBAO in Chinese  
12 Feb 93 p 1

[By correspondent Pan Anming (3382 1344 2494): "The Autonomous Regional People's Government and the Xinjiang Military District Issue a Joint Document To Urge Cadres From the People's Armed Forces Departments To Venture Into the Market"]

[Text] To invigorate the economy, promote prosperity, and strengthen the national defense, the Xinjiang Autonomous Regional People's Government and the Xinjiang Military District recently issued a joint document. The document urges the people's armed forces departments in the autonomous region to launch extensive campaigns about maintaining the people's armed forces through labor work, establish economic entities, enter the market in full force, participate in competitions, and gradually attain the objective of being able to fund activities of the militia themselves.

The document urged the people's armed forces departments in the autonomous region to establish enterprises and form economic entities which are responsible for their own profits and losses and which keep separate sets of accounts to help maintain the people's armed forces. It urged them to focus simultaneously on cities and townships; counties and townships; entities and projects;

and primary, secondary, and tertiary industries when they plan their projects, and go all out and consider all aspects when they implement the projects.

Enterprises established by the people's armed forces departments to help maintain the army should enjoy preferential policies. Administrative departments of industry and commerce, commodity prices, finance, banking, taxation, science and technology, materials and equipment, electric power, communications and transportation should support and pay attention to these enterprises.

To strengthen their leadership over campaigns promoting efforts to maintain the people's armed forces through labor work, the autonomous regional people's government and the Xinjiang Military District decided to form a corporation to coordinate efforts to maintain the armed forces through labor work in the autonomous region.

### **Economic & Agricultural**

#### **Small Enterprises Participate in World Convention**

OW0303135093 Beijing XINHUA in English 1322  
GMT 3 Mar 93

[Text] Beijing, March 3 (XINHUA)—After more than a decade of development, China's smaller enterprises, township enterprises in particular, have not only become an indispensable part of the country's national economy, but also have joined the process of economic globalization through international cooperation.

This was evident at the World Convention on Small And Medium Enterprises (WCSME), which opened here today.

Among China's 420,000 state-owned industrial enterprises, the smaller enterprises now make up 99.13 percent, and their output accounts for 68.5 percent of the country's total industrial production. About 90 percent of China's enterprises with foreign investment are small or medium undertakings.

On the other hand, the total output value of China's rural and township enterprises was 1,600 billion yuan last year and 65,000 of such enterprises are involved in exporting.

Zheng Zhaoqiao, vice president of the China International Cooperation Association of Small and Medium Enterprises, said at today's opening session that small and medium enterprises will gradually move from mainly importing technology to exporting, during the process of international cooperation.

Ji Chaozhu, under-secretary general of the United Nations, said that, based on the fact that most of China's small and medium enterprises are in rural areas, the Chinese Government has succeeded in implementing the policy of local employment promoting the development of these enterprises.



Ji added that small and medium enterprises have become a vital force in the globalization of the world economy through direct investment.

He said that a considerable part of the 35,000 transnational corporations throughout the world are small and medium-sized enterprises.

According to Ji, the development of smaller enterprises will continue to be part of the technological assistance offered by the United Nations to China and other developing countries.

The United Nations is preparing to convene an international symposium on small and medium transnational corporations in Osaka in September. Ji said that this will be another activity to help developing countries to formulate policies on smaller enterprises.

#### Exchange Rate Mechanism Undergoes Change

HK0303140793 Hong Kong WEN WEI PO in Chinese  
22 Feb 93 p 2

["Special Article" by staff reporter Chung Wen-i (6945 5113 0001): "China Reestablishes Its Exchange Rate Mechanism"]

[Text] China is taking resolute and cautious measures to accelerate the pace of internationalizing its currency—the renminbi—and reestablish its exchange rate mechanism to suit the modern market economy.

As financial experts predicted, internationalizing the currency and having the exchange rates decided by the market indicate that China's open economy is becoming more and more mature. They are also the objectives accompanying the new financial system.

#### An Important Starting Point

Like some other developing countries, China's foreign exchange management system is now in a stage of the new replacing the old. It is characterized by strict foreign exchange control, frequent administrative interference, a multiple exchange rate, and restrictions on the national currency, which can only circulate within the national boundaries and cannot be converted into other currencies freely. It seems there will still be a long way to go to realize free conversion of the renminbi and to establish a floating exchange rate mechanism.

However, the People's Bank of China announced recently that beginning next month, the renminbi can be brought into or out of the country. This indicates an important starting point for internationalizing the currency and shows that China has started efforts to end the transitional period, in which the new and old systems are confronting each other.

Another important indication, which can yet be easily ignored, is that since 9 April 1991, when China began to adopt a floating exchange rate system under management, a mild readjustment

of the renminbi's exchange rate has continuously been made, resulting in an accumulative depreciation of the currency by about 11 percent.

Generally speaking, the market exchange rates are decided by the total money supply, the demand of the currency, and the prediction on its exchange rate. As a dynamic economic development had reappeared in China, the amount of money put into circulation last year was greater than any of the previous years. At the same time, as the customs had reduced the import duties on an increasing number of commodities, there were increasing demands for imports. This also resulted in the "shortage" of foreign currency. The renminbi was faced with a great pressure of depreciation.

#### "Microtuning" Stepping Up Process

By stepping up "microtuning," rather than depreciating the currency by a big margin as was done in the past, the central bank made the official exchange rate closer to the actual market rate step by step. It seems that although exchange rates are still decided by the official quarters, the Chinese officials have intentionally put forth "imitated" floating exchange rates in light of market changes.

Under the traditional planned economic structure, the renminbi's exchange rate was also decided by "planning." It could not reflect the relations between money supply and demand, nor could it reflect the true currency value. It was only a conversion standard for internal accounting.

Later, as China adopted the policy of opening up to the outside world, relevant changes were also made in the foreign exchange management system. A foreign exchange regulation market was opened, market regulation was introduced into the exchange rate mechanism, and a foreign exchange market was established in which there were three different rates—the official rate, the regulatory rate, and the black market rate.

According to an analysis by financial experts, although the regulatory rate was generally 20 percent higher than the official rate, it was lower than the black market rate. In other words, the regulatory rate was higher than the value of the renminbi. This was because that supply had fallen short of demand, as there were no foreign exchange markets in the past.

In the transitional period, the renminbi remains unconvertible. The foreign exchange retained by enterprises is put under administrative management, which is characterized by multiple links, complicated procedures, and great losses. Obviously, this is harmful to enterprise operation and it will obstruct the enterprises from entering the international market. To the increasing number of foreign investors, this means a great trouble, because the profits they have obtained in China can be remitted to outside only after being converted into foreign currencies in some designated foreign exchange regulation markets and after repeated examinations and approvals.

### Defects of the Existing Mechanism

The irrational exchange rate system also results in the irrational relations between domestic and international prices. Because of the distortion of price indications, the enterprises are unable to correctly calculate their production costs. As export prices may even be lower than the prices of domestic sales, there is a lack of a necessary stimulation mechanism in export.

There is a lack of transparency in the existing "double exchange rate system." The dual exchange rate can easily be regarded as foreign exchange dumping and unfair trading, which is detrimental to restoring China's position as a signatory state to GATT.

Under different economic structures, there are different exchange rate mechanisms. Yin Jieyan, director of the State Administration of Exchange Control, said recently: To suit the development of the socialist market economy, China will reform its foreign exchange control structure. Its long-term objective is to "realize free conversion of the renminbi."

The official emphasized that the distribution of foreign exchange resources should gradually be shifted from a planned distribution to a track on which the market will play a basic role in the distribution of foreign exchange resources.

The change will be a course of gradual advance. Some financial experts suggested that in the near future, free conversion of the renminbi should be realized inside the country. In other words, the multiple exchange rate system should be gradually changed into a unitary exchange rate system on the basis of a unified and open domestic foreign exchange market. The government will no longer promulgate official exchange rates or will only give reference rates. The exchange rates will be determined by the relations between supply and demand in the foreign exchange market. The state will only exercise necessary macroeconomic regulation and control over the exchange rates. For example, it may exercise regulation and control by means of monetary policies and levers, such as interest rate, discount rate, and deposit reserve.

The financial experts also urged to continue to relax foreign exchange control so that all factories and businessmen can engage in the selling and buying of foreign exchange in the exchange market and so that free conversion of the renminbi in the international market can be realized earlier. At the same time, foreign exchange coupons should quit the market.

Even to this day we still cannot predict when these objectives can be achieved. But one point is sure, that is, in the next one or two years, a key step will be made, because the reality allows no more delay.

### Urgency of the Issue

Over the past two or three months, as it has been rumored in the market that the renminbi will depreciate

by a big margin after China returns to GATT, both the regulatory rate and black market rate of foreign exchange have sharply increased. The irregularity of the foreign exchange market and a lack of necessary intervention by various effective means, such as the exchange stabilization fund, make the government unable to exercise effective control in the face of the irrational speculations and the prices which have obviously deviated from the rational level.

The official quarters have already realized the urgency of the matter. While refuting the rumor, the government has reiterated the necessity of continuing reform so that exchange rate can be decided by the market rather than by man.

In fact, there are already ideal external conditions for China to reestablish its exchange rate mechanism: Its national economy is in a new round of high-speed development, a pattern of opening in all directions is taking shape, foreign trade and exports continue to grow steadily, foreign exchange reserve is expected to reach \$74 billion this year, foreign debt is controlled within a suitable scale, and its money supply has begun to be controlled....

Internationalization of the renminbi is no longer anything far away. In some border areas, the renminbi is in a "strong currency" position and has become a hard currency for settling accounts in the market. It is, in reality, being circulated outside the borders. This was unimaginable in the past.

All this shows that China is stepping up establishment of an exchange rate mechanism which conforms to international standards so the renminbi may become one of the international currencies. Now the time is ripe.

### 'Economic Analysis' on Investment Trends in 1992

HK0303130593 Beijing RENMIN RIBAO in Chinese  
20 Feb 93 p 2

["Economic Analysis" by Liu Jiangfan (0491 3068 1581): "New Situation of Investment Made by Foreign Businessmen"]

### [Text] The Third Investment High Tide

A new upsurge in attracting foreign investment unfolded in China in 1992. The annual total contractual amount of newly approved direct foreign investment in 1992 reached \$57.51 billion, while the total amount of actually used investment totalled \$11.16 billion, up by 380 and 160 percent over the previous year respectively. The growth momentum of the year was greater than the two upsurges in 1984 and 1988.

The foreign investment of the year was characterized by the following new features:

Investment came from various sources. In the upsurge of investment, Taiwan investment was the most active one, leaping from fourth place in the investor's list of 1991 to

the second place, second only to the areas of Hong Kong and Macao. The United States and Japan rank third and fourth respectively, while ROK leapt to fifth place. Singapore, Canada, Thailand, Australia, and Malaysia occupied the sixth through 10th places. Last year, in addition to traditional capital sources, funds from Cyprus, Lebanon, Poland, Hungary, Romania, and Luxembourg also flowed into China.

**Investment regions have been expanded.** During the eighties, foreign investment was mainly concentrated in coastal open areas, while the total foreign investment attracted by foreign-invested enterprises in inland provinces and regions only accounted for 7 percent of the country's total. Last year, while direct foreign investment in coastal open areas continued to grow rapidly, inland provinces and regions also made great headway in introducing foreign investment. From January to September, foreign investment in inland provinces and regions made up 11 percent of the country's total. At present, the scope of foreign investment has been expanded to all provinces, autonomous regions, and municipalities of the country.

**Investment scale has been enhanced.** It is one of the major features of last year's foreign investment that there were more large-scale projects. From January to November the average contractual amount of direct foreign investment for each project exceeded \$11.3 billion, registering an increase of 23 percent and above over the same period of the previous year. Among newly approved projects, a considerable number are large-scale projects which use higher technologies, can fill in the gaps in many domestic fields, and can exert fairly great influence on China's national economic development.

**Investment structure has been changed.** During the first half of last year, of the total contractual amount of foreign investment, investment in industrial production accounts for 70.1 percent; in the real estate industry, 17.8 percent; in communications, transportation, and the postal and telecommunications industry, 6 percent; in commerce and the catering industry, 1.6 percent; and that in farming, forestry, animal husbandry and fishery, 1.3 percent. Compared with the same period the previous year, communications, transportation, and the postal and telecommunications industry underwent fairly greater development, and their proportion in the total foreign investment amount increased from 0.6 to 6 percent. The proportion of the real estate industry also rose from 12.8 to 17.8 percent. The ratio relationship among the primary, secondary, and tertiary industries is fairly reasonable. Judging from the total contractual amount of foreign investment in industrial projects, the focus of the investment was mainly placed on power and energy projects, while the light, electronics, machinery,

and textile and garment industries can get an appropriate amount in their given order. Enterprises both using advanced technologies and producing products for export account for 13 percent of the total number of industrial projects. On the whole, the industrial structure of China's foreign investment can basically suit the needs of the country's economic development.

**New ways have been tried.** Foreign businessmen are allowed to make investment in more fields. For instance, experiments on running Sino-foreign joint-stock companies have been carried out in places such as Shanghai and Shenzhen, and some positive results have been achieved. Through issuing stocks (including B Shares for foreign investors), a number of large and medium state-owned enterprises have raised enough funds to carry out technical renovation. The real estate industry, which focuses on land development, has become a hot spot for foreign investment; and foreign banks can be set up in more areas of the country. Today, over 270 financial institutions of various kinds have been established in China, including the representative offices and branches of some foreign banks in Shanghai and in the five special economic zones of Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan Province. The commercial and trading sectors in Shanghai have made breakthroughs in attracting foreign investment. Shanghai No. 1 Department Store and Japan's Yaohan International Group have jointly built a large-scale supermarket in Pudong, which not only engages in retailing business, but also enjoys certain power to engage in import and export trade.

#### **Make Greater and Better Use of Foreign Investment**

China has achieved impressive results in attracting direct foreign investment. In the meantime, however, we should also be aware of the fact that the international capital market situation allows no overoptimism.

Western advanced countries, which long acted as major capital suppliers in the past, are currently plagued by their sluggish economic growth. To maintain their superior positions in the international competition, these countries also have a huge capital demand themselves. While the world's capital supply is shrinking, the international demand for capital has become increasingly great. Middle East countries need to attract foreign investment for rehabilitation in the wake of the Gulf War; CIS nations and East European countries are more eager in their demand for capital; and since most developing countries are perplexed by an insufficiency of capital, they need to attract a large amount of capital from foreign countries in order to carry out their economic construction. The latest survey conducted by the U.S. (Morganstern) [mo gen si tan 2302 2704 2448 0982] Company has showed that over \$200 billion will be lacking in the coming several years.



What is more, China is faced with acute competition from its neighboring countries. Being also located in the Asia and Pacific Region, sharing the same culture and investment environment with China, and being at a similar level of economic development as China, these countries are trying their utmost to attract foreign investment by providing various preferential conditions. This situation will exert a direct impact on China.

China still enjoys great potential in attracting foreign investment. The total annual amount of foreign investment China introduces every year only makes up about 1 percent of the world's capital market, the total of direct foreign investment only accounts for 4.3 percent of the total foreign investment amount attracted by developing countries, while the per capita amount of actually used foreign investment ranks the last among all countries. In addition, the proportion of total direct foreign investment only accounts for 2.2 percent of the total investment of the state. In this aspect, China still lags behind some of its neighboring countries, such as Indonesia and Singapore in which the proportion respectively stands at 45 and 70 percent.

In the face of such competition we should seize opportune time, further emancipate our mind, improve investment environment, and strive to attract more foreign investment. Otherwise, we will probably miss the opportunity and hinder the development of our economy.

#### **Imports of Machinery, Electronics Increase in 1992**

*OW0303141693 Beijing XINHUA in English 1400 GMT 3 Mar 93*

[Text] Beijing, March 3 (XINHUA)—China's imports of machinery and electronic products were worth a record 34.89 billion U.S. dollars last year, up 37.9 percent on 1991, according to the customs statistics available here today.

Last year, the proportion of machinery and electronics products imports in the country's total imports volume rose by 3.6 percent over the previous year.

The products imported with marked increased volumes included textile machinery, motor vehicles and spare parts, aircraft, metrological testing instruments and analyzers, machine tools, integrated circuits, microelectronic components, telephone and cable equipment, building and mining machinery, and automatic digital processors.

Statistics show that China imported 100 million U.S. dollars of these products each from 22 countries and regions, with Hong Kong, Japan, the United States and Germany as the top four suppliers.

### Central-South Region

#### 'Abnormally' Cold Weather Hits Guangdong Crops

HK0303030793 Beijing CHINA DAILY in English  
3 Mar 93 p 1

[By staff reporter: "Cold Ruins Crops in Guangdong"]

[Text] Abnormally cold weather has severely hit crops in South China's Guangdong Province this year.

According to initial figures, the cold snap has caused damages estimated at more than 2 billion yuan (\$333 million) to local farmers.

At least 367,000 hectares of the province's cross-winter crops, including vegetables, fruits and potatoes were affected and some 107,000 hectares of such crops were destroyed by frost.

Guangdong Province, one of China's most important banana producers, has seen 40,000 hectares of its bananas farmers, or more than one-third of the province's total, devastated by frost, local officials said.

Most of its other tropical fruits, such as pomelo, lichee, mango and lungan, were also affected by the persistent cold spell along with aquatic products, which included 107,000 hectares of fish ponds, involving 130,000 tons of fish and 1 billion fish fry. A large number of water-buffalo were also affected by the frostbite.

Fresh flowers in the province's florist farms were also badly damaged.

Local leading officials were rushing to disaster-stricken areas. They are organizing people in a relief operation to try to minimize economic losses.

Since early this year, successive cold fronts have struck an extensive area of China, stretching from north to south, causing damage to crops and affecting transportation.

#### Guangxi To Further Develop Township Enterprises

HK0403095893 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 27 Feb 93

[Excerpt] The Guangxi Autonomous Regional Township and Town Enterprise Work Meeting was jointly convened by the autonomous regional party committee and people's government in Nanning on the morning of 27 February. The autonomous region's leaders attending the meeting included Zhao Fulin, Cheng Kejie, Liu Mingzu, Ding Tingmo, Li Zhenqian, Lin Chaoqun, Peng Guikang, Li Enchao, Yang Jichang, Huang Shuguang, Ho Bin, Xu Bingsong, Yuan Fenglan, Zhang Chunzhen, and Lu Yannan. The principal subjects of the current meeting are to sum up experience of the accelerated development in the autonomous region over the past two years, commend advanced people, study and deploy

policies and measures for further accelerating development, mobilize the vast numbers of cadres and masses throughout the autonomous region to further uplift their spirit, and make greater efforts to enable township and town enterprises across the autonomous region to scale new heights on the basis of existing rapid development.

Cheng Kejie, chairman of the autonomous region, presided over the meeting in the morning, and Party Secretary Zhao Fulin delivered an important speech at the meeting.

Zhao Fulin said: In the past two years, the development of township and town enterprises in our region has presented an unprecedentedly good situation and entered a new development period. It is chiefly manifested in the following aspects: 1) Township and town enterprises developed at high speed and by big margins. The total income of township and town enterprises across the autonomous region in 1992 reached 30.2 billion yuan, representing an increase of 114.6 percent over 1991. Their total output value came to 27.3 billion yuan, an increase of 126.7 percent over 1991, and the profits realized were 1.96 billion yuan, up 105.1 percent. The growth rate of township and town enterprises across the region was among the fastest in the country. 2) Advanced counties, townships, and villages emerged in large numbers. There were 56 counties, cities at county level, and suburbs across the autonomous region in which the total income of township and town enterprises registered more than 100 million yuan last year. 3) The quality of township and town enterprises was enhanced, and [passage indistinct] sprang up in large numbers. 4) A number of competitive products were developed and formed because of their high technological contents, relatively large market coverage, as well as their capability of exploiting and utilizing resources and displaying local advantages.

However, the following shortfalls and problems also existed. 1) Self-satisfaction exists among some leading cadres who lack confidence in striving to achieve faster development in the future. 2) There are great differences between localities. Under more or less the same conditions, some localities made faster advances while others still made very unsatisfactory headway.

Touching on the goals of struggle and measures for developing the township and town enterprises in our autonomous region, Zhao Fulin stressed: Whether the township and town enterprises in our region will attain greater development in the next few years is of vital importance to the realization of the second-step strategic objectives. For this reason, priority should be given to ensuring the fulfillment of the following five tasks: 1) Further enhance understanding on the development of township and town enterprises, as this is where the hopes and potentialities of Guangxi's economic development lie. To achieve quadrupling the gross national product in order to head for a relatively comfortable life, the greatest hope and potentiality also lies in township and town enterprises. 2) By making use of market economy,



bring into full play the guiding role of township and town enterprises in the socialist market economy. It is necessary to vigorously cultivate and develop market economy, repeatedly augment the internal potentialities of township and town enterprises, and optimize their industrial structure and product mix. Their ownership patterns and operation modes should also be diversified. 3) Energetically cultivate and import talents through application of scientific and technological advances, and conscientiously enhance economic results on the strength of science and technology. 4) Suit measures to local conditions, give full play to advantages, lay firm hold on focal points, and provide guidance to classified cases. We should expedite the development in Guangxi's southeastern and coastal areas, positively promote eastern areas and [words indistinct], and fully support the development in western and northern areas. 5) Intensify leadership over the work of township and town enterprises, put policies into effect, delegate power to lower levels, pay close attention to setting up examples, summing up local experience, and using the experience of other places for reference.

Zhao Fulin finally stressed: Guided by the spirit of the 14th party congress, we must unite even more closely to forge ahead and do solid work in real earnest, further accelerate the development of township and town enterprises in our autonomous region, and impel the economy in our region to scale new heights in a faster and more effective way. [passage omitted]

#### Hunan Secretary Lists Major Tasks for 1993

HK0303133993 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 26 Feb 93

[Text] The Hunan Provincial Meeting of Commissioners, Autonomous Prefectural Chiefs, Mayors, and County Chiefs, focusing on the key subject of how to quicken the pace of Hunan's reform, opening up, and modernization drive, successfully concluded in Changsha yesterday. Provincial party and government leaders Xiong Qingquan, Chen Bangzhu, Sun Wensheng, Liu Fusheng, Liu Zheng, Chu Bo, Wang Keying, Zheng Peimin, Zhou Bohua, Zhou Shichang, Tang Zhixiang, Pan Guiyu, Yang Huiquan, and others attended the meeting.

At the meeting, the participants turned the previous attention of arguing over projects and contending for investment to the topics of what they should do after returning to respective localities and how they should develop the economy faster and more effectively. It was indeed a meeting to rouse enthusiasm.

At yesterday's closing ceremony, party Secretary Xiong Qingquan made a concluding speech. He said: Inspired by Comrade Xiaoping's important remarks during his south China tour and the spirit of the 14th party congress last year, a gratifying situation featured by vigorous emancipation of the mind, a major breakthrough in reform and opening up, and a rapid development in economic construction and other undertakings emerged

in the entire province. Hunan's economic construction has really entered a new development stage. With the sound foundation of last year's rapid growth, everybody is filled with greater confidence in the province's endeavor to emulate and catch up with coastal regions and strive to rank among the 10 most powerful provinces in the country.

Touching on the tasks for this year, Xiong Qingquan said: This year, under the precondition of readjusting structure and enhancing results and quality, we should ensure that the gross national product will increase by over 10 percent as compared with last year. To this end, we must take care to have a better grasp in the following four points. First, the more favorable the situation is, the greater attention we should pay to keeping a sober head and exerting ourselves to attain a major development on the premise of enhancing economic results. Second, the more we emphasize the control of total demand and supply, the greater importance we should attach to optimizing economic structure and exerting ourselves to boost new growth points. Third, the more critical the economic environment is, the greater attention we should pay to guaranteeing key elements and exerting ourselves to firmly grasp the construction of infrastructure facilities and basic industries. Fourth, the poorer the results are, the more seriously we should take scientific and technological advances and exert ourselves to raise economic quality.

Finally, Xiong Qingquan pointed out emphatically: Leading cadres at all levels must take firm control over the implementation of the above tasks, further unite to forge ahead, and resolve the issue of powerful coordinated action with economic construction as the center in a more proper way. It is necessary to further improve styles and properly resolve the issue of doing work in real earnest. Thus, tremendous achievements will certainly be scored in the province's reform, opening up, economic construction, and other undertakings this year.

At the meeting, five 1991 provincial advanced units in enterprise management, including Yueyang Paper Mill, and 13 fifth provincial fine entrepreneurs, including Gu Zhidu, and others were commended.

Commissioners, chiefs, and mayors of various prefectures, autonomous prefectures, and cities submitted their goal responsibility agreements to Governor Chen Bangzhu.

#### North Region

##### Hebei Secretary Discusses Rural Work

SK2602104293 Shijiazhuang HEBEI RIBAO in Chinese 16 Feb 92 pp 1, 2

["Text" of speech by Cheng Weigao, secretary of the Hebei Provincial CPC Committee and governor, given at the provincial conference on agriculture and rural work held in Shijiazhuang on 15 February: "All Trades

and Professions Contribute To Strengthening Agriculture, Making It Prosperous, and Protecting, Invigorating, and Supporting It"]

[Text] This provincial agriculture and rural work conference is a very important one for thoroughly implementing the 14th CPC Congress guidelines, for implementing the series of important instructions of the party Central Committee and the State Council on the current agriculture and rural work, and for further strengthening Hebei's agriculture and rural work. Comrades Bingliang and Runshen just gave speeches comprehensively discussing Hebei's agriculture and rural work for this year and for some time to come. Their speeches were very good, and I totally agree with them.

In the current agriculture and rural economic development, there are indeed many problems. Some of them are problems of agriculture departments and rural economic management departments themselves. A considerable part of them, however, are problems outside agriculture and the rural economy. Therefore, to solve the urgent problems in agriculture and rural economic development, we should further liberate and promote the development of rural productive forces. To make sure that agriculture and the rural economy reach a new stage, it is impossible to rely on the efforts of peasants and agriculture departments alone. We should mobilize the entire party to make concerted efforts. Today, I will speak mainly on how all trades and professions should work together to strengthen agriculture, make it prosperous, and protect, invigorate, and support it.

1. Strengthening agriculture means to enhance understanding of agriculture and strengthen its fundamental position. Attaching importance to and strengthening agriculture is never merely an issue on work arrangements. Fundamentally speaking, it is an important issue on whether we can take the initiative in implementing the party's basic line and ensure the sound development of reform, opening up, and economic construction. If the fundamental position is not strengthened and agriculture not promoted, a stable and coordinated development in the economy as a whole and adherence to the central task of economic construction will be impossible. In this way, not only will it be impossible to achieve a steady and rapid upturn in the economy, but also economic fluctuation will rise, and economic development will be impeded. Just as Comrade Xiaoping exhorted us: "If there are economic problems in the nineties, it is very likely that the problems come from agriculture; and if problems arise in agriculture and cannot be alleviated for many years, the entire economic and social development will be seriously affected." Therefore, when strengthening the need to adhere to the party's basic line and take economic construction as the central task, we should first make it clear that agriculture is the foundation for the entire national economy, the foundation for the entire social development, and the foundation for social and political stability. In theory, no one will negate the fundamental position of agriculture. In specific work, however, we often slacken efforts and neglect agriculture

when we emphasize the development of the secondary and tertiary industries; we often fail to concentrate on agriculture when we organize forces to carry out work; we often fail to emphasize agriculture when we arrange money investment; and we often neglect the interests of peasants when we handle the relations between various sectors in terms of interests. Some of the conspicuous problems in the current agricultural and rural areas are either inevitable in the transition from the planned economy to the market economy or due to limited economic strength, but many of them result from a failure in firmly embracing the idea that agriculture is the foundation. The problems are a result of neglect, slackened efforts, and weakened agriculture when doing work, and result from a failure to pool the efforts from all fields to develop agriculture and the rural economy. Therefore, in our endeavor to realistically solve the conspicuous problems in the current rural work and promote agriculture, the most important thing is that party committees, governments, all trades and professions, and all quarters of society truly understand agriculture as the foundation and strengthen it.

2. Making agriculture prosperous means to regard the prosperity of peasants as the most fundamental goal of our rural work. What should we proceed from and aim at when developing rural work? The most fundamental thing is to help peasants achieve prosperity and a fairly comfortable life. The purpose of land reform was to give land to peasants; the purpose of the output-related contract responsibility system is to give rights to peasants; and the purpose of pushing agriculture to the market is to give money to peasants. In the final analysis, they are meant to make peasants achieve prosperity as soon as possible.

How should we make peasants achieve prosperity as soon as possible? Judging from the development of the rural economy, the general way is to greatly develop the primary, secondary, and tertiary industries. The most important is the following three tasks: 1) We should improve agriculture, develop high-yield, good-quality, and highly efficient agriculture, and expand the socialist large-scale agriculture to enable peasants to gain more economic benefits by providing more abundant and better farm and sideline products through the market. 2) We should greatly develop township enterprises and, through this, divert a large number of rural labor forces to the secondary and tertiary industries to enable peasants to substantially increase their income in the process of making the rural economy flourish. 3) We should achieve success in family planning, strictly control population growth, and help peasants to avoid a decline of per-capita income because of population growth. To enable peasants to achieve prosperity, none of these three tasks is negligible.

To succeed in these three tasks, we should properly handle relations in three fields. First, we should handle well the relations between agricultural development and township enterprise development. Agriculture in the present stage remains the foundation on which large

numbers of peasants rely for their survival. When agriculture is not developed, we cannot ensure the stability of rural areas, let alone a fairly comfortable life for peasants. Therefore, agriculture should be put at the fore of rural work under all circumstances, and we should never allow township enterprise development affect agriculture. Except for the localities provided with favorable conditions for fully developing high-yield, good-quality, and high-efficiency planting (of vegetables, melons and fruits, medicinal herbs, etc.), forestry and fruit production, animal husbandry, and aquaculture, many localities still have to rely on the great development of township enterprises if they truly want to achieve agricultural modernization and truly want to help peasants achieve a fairly comfortable life. Only by developing township enterprises can we develop agriculture through industry and greatly increase agricultural investment; and only by developing township enterprises can we help peasants achieve prosperity and substantially increase their income. Therefore, agricultural development and township enterprise development should promote each other and develop side by side. Second, we should correctly handle relations between the stable increase of grain and cotton and the adjustment of the agricultural structure. In line with the requirement of the socialist market economy, agriculture should be restructured and transformed into large-scale, high-yield, good-quality, highly efficient, socialist agriculture. However, such a transformation requires appropriate market conditions and time and should never be carried out perfunctorily. Grain and cotton are the important materials for the national economy and people's livelihood and the basic production of agriculture. In developing high-yield, good-quality, and high-efficiency agriculture, we should first make grain and cotton high-yield, good-quality, and highly efficient. We should never misinterpret agricultural restructuring as washing our hands of agriculture, no longer attending to grain and cotton production, or giving correct guidance. Problems will crop up if we let peasants plant whatever they like. Third, we should correctly handle the relations between economic development and population control. Only when the economy is promoted and the population is reduced can we have a guarantee for peasants to achieve prosperity and a fairly comfortable life. We should neither let family planning affect agricultural production and township enterprise development, nor slacken efforts in family planning because of economic work. Only when we comprehensively arrange, properly organize, and simultaneously develop these three aspects of work can peasants have good prospects for prosperity and a fairly comfortable life.

3. Protecting peasants means that we should realistically protect the interests of the peasants and mobilize their production enthusiasm. The peasant is the main body of agricultural production. The key to developing agriculture is to rely on the peasants. If the peasants bear excessively heavy burdens, there is no guarantee for their interests, and without enthusiasm for production, we will not be able to promote agricultural production. The

party Central Committee and the State Council have paid high attention to the issues of protecting the interests of the peasants and mobilizing their enthusiasm and worked out a series of definite instructions. Viewing the previous situation of the province, we notice that some problems were considerably serious and prominent in the rural areas, particularly in the areas where the economy is not well developed. The peasants there had serious complaints. Although all localities did a lot of work before and after the Spring Festival, the problems have yet to be solved. Viewing the problems that have been exposed, we notice that the peasants' unreasonable burdens were, by and large, from two aspects: One is from the grass roots. Some villages decided by themselves to increase the staff, to be over anxious to run social undertakings, and to arbitrarily collect charges and apportion expenses. The other is from higher levels and some organs at the provincial, prefectural, city, and county levels. Some of the plans, regulations, and methods for increasing the peasants' burden are worked out by the provincial-level organs. Although some of the decisions on arbitrarily collecting charges, apportioning expenses, and imposing fines are worked out by the prefectural, city and county organs, the localities still tolerate or even shield them. Although the unreasonable burdens levied by the provincial-level organs, account for an appropriate proportion, they are the main causes. The unreasonable burdens levied by the prefectural, city, and county organs account for a larger proportion. Here lies the main reason for adding excessive heavy burdens on the peasants. Therefore, in lightening the peasants' excessively heavy burdens, we must not only put stress on grasping the grass roots but should start from the provincial-level organs. The provincial-level organs, particularly educational, family planning, security, civil administration, public health, publication, insurance, and land departments, should first conscientiously conduct investigations and study, listen to the peasants' voices, consciously sort out documents, correct various kinds of outdated policies and regulations that do not conform to the "regulations," and define and make public measures for improvement. Simultaneously, we should coordinate the cleanup of the peasants' burdens with the settling of financial accounts, the correction of unhealthy trends within trades, and the improvement of administrative honesty. All prefectures, cities, counties, and townships should regard the implementation of the "decision on realistically reducing the peasants' burdens," discussed and worked out at this conference, as a great matter and conscientiously attend to it. Through the efforts in the past year, we should resolutely eliminate the phenomena of arbitrarily apportioning expenses, collecting charges, imposing fines, and setting targets; and strive to basically eliminate the problems relating to the peasants' unreasonable burdens. Next year, we should continue to grasp it and further consolidate and expand the achievements in this regard.

4. Enlivening rural areas means that we should strive to deepen the rural reform and further liberate and develop the rural productive forces. Although we have done a lot



of work to deepen the rural reform over the past years, the failure to promote reform has become a key factor affecting the elimination of various contradictions and problems in the rural areas and the development of productive forces. Therefore, to further promote the development of the rural economy and to elevate agriculture to a new stage, we must expand the degree of reform and positively promote the reform of the rural economic system. In deepening rural reform, we should firmly aim at the general target of developing the socialist market economy, firmly take the promotion of the rural productive forces as the central link, and, on the premise that the production responsibility system with household-based output-related contracts as the major form is stabilized, shift the focus of the reform to the improvement of the dual management system, the establishment of the socialized service networks, the quick construction of markets, and the county-level organizational reform. While ensuring and increasing grain and cotton production, government departments in charge of agriculture should fully respect peasants' decision-making power in production and management and further lift restrictions to invigorate their production and management. To push agriculture to the market more successfully, these departments should actively guide and organize peasants to coordinate their farming and livestock breeding with the processing industry; coordinate their farming with scientific, technological, and educational development; coordinate their farming with industrial production and commerce; and coordinate domestic trade with foreign trade so that their farm products will better suit the demand of the domestic and the world markets. Based on the characteristics of different localities and different products, we should greatly develop the specialized markets for various farm products and help peasants coordinate their production with marketing so as to resolve the difficulty in selling farm products. When developing rural markets, we should attach importance not only to the markets for farm products but also to the markets for the essential elements of production so that the vast number of peasants can easily obtain from the market full service for funds, science and technology, means of production, and methods for production. In establishing the socialized service networks in rural areas, we should not only establish them from higher levels down to lower levels but also support peasants to adopt various measures for self-service and develop such networks from lower to higher levels. When conducting organizational reform, diverting redundant personnel, and establishing economic entities, county-level departments dealing with agriculture should aim at strengthening service to gain a reasonable payment and never harm the interests of peasants. Regarding the various nongovernmental socialized service organizations giving scientific and technical, marketing, processing, and storage services, we should greatly support them and grant them policy encouragement and preferential treatment. Although old systems are being changed to new ones, is the very complicated and arduous task of enabling peasants to loosen the shackles of the old system so that they may

take the road to developing the socialist market economy remains. Party committees and governments at all levels should have the courage to explore, practice, and adopt reform measures to deal with the contradictions and problems in rural economic development, and create favorable conditions for developing the rural socialist market economy.

5. Supporting agriculture means that all trades and professions and all fields should serve agriculture wholeheartedly and make concerted efforts to support agriculture. From the perspective of implementing the party's basic line and strengthening the fundamental position of agriculture, all trades and professions and all fields should be eager to meet peasants' needs, make utmost efforts to serve agriculture sincerely, participate in and improve the coordinated work to support agriculture, and actively create good external conditions for developing Hebei's agriculture. To ensure this year's bumper harvest, we should concentrate efforts to win success in four tough tasks. First, in view of the continuous dry spells and serious shortage of water resources, we should win a success in combating drought to reap a bumper harvest. Second, in view of the poor growth of wheat seedlings and the poor foundation for production, we should transform wheat to increase its value. Third, in view of last year's decrease of cotton production and peasants' misgivings in planting cotton, we should win a success in planting adequate amount of cotton in the spring. Fourth, in view of the serious problems with insects and the imperfect pest forecast and prevention systems, we should achieve successes in strengthening scientific and technical service and controlling insects, especially in controlling bollworms. To be successful in these four tough tasks, we should, no doubt, rely on the strong guidance of party committees and governments at all levels, the utmost efforts of agricultural management and technological departments, and the efforts of grass-roots cadres and peasants. However, all-out support of relevant departments is also indispensable. Planning, industry, finance, material supply, monetary, supply and marketing, petroleum, power, foreign trade, and scientific and technological departments should all conscientiously draw up supporting plans in line with the requirement for winning success in the four tough tasks and their own responsibilities; and they should provide timely, quick, good-quality, and highly efficient service to truly guarantee success. In rendering service to support agriculture, all these departments should pay attention not to vie with peasants for more benefits, much less gain benefits through improper means under the banner of supporting agriculture or do anything that harms the interests of peasants. At the end of the year, grass-roots cadres and peasants should be organized to publicly appraise how the departments have served agriculture. Those who do a good job should be greatly commended, and those who do a poor job should be criticized. Other trades and professions and other departments should also show concern for and understand agriculture and peasants, actively serve agriculture and peasants, and

make positive contributions with actual deeds in accelerating Hebei's agricultural development and in achieving an economic leap in rural areas.

I have forwarded some demands on all levels and all departments concerning the aforementioned five issues. There are still many issues on rural work, such as improving grass-roots party organizations, grass-roots organs of power, public security, rural socialist ideological education, and rural spiritual civilization. I have no time to speak on them specifically. It is hoped that everyone will act according to the arrangements of the provincial party committee and government.

### Northeast Region

#### Report on Heilongjiang's 1992, 1993 Budgets

SK2402090893 Harbin HEILONGJIANG RIBAO in Chinese 20 Jan p 3

[Report on Heilongjiang Province's implementation of the 1992 budget and of the 1993 draft budget, given by Zhao Jicheng, director of the provincial financial department, at the first session of the eighth provincial people's congress on 11 January]

[Text] Fellow deputies:

In the name of the provincial people's government, I would like to present a report on the province's implementation of the 1992 budget and a report on the 1993 draft budget to the session for examination.

#### 1. The Implementation of the 1992 Budget

Nineteen ninety-two was the second year in which the Eighth Five-Year Plan was implemented. In order to fulfill the budgetary tasks in the year, governments at all levels did a great deal of fruitful work in leading the people of various nationalities throughout the province to earnestly implement the spirit of the important speeches given by Comrade Deng Xiaoping during his inspection tours in the south and the spirit of the 14th CPC Congress; to implement in an overall way the resolutions adopted at the fifth session of the seventh provincial people's congress; to further reinforce the strength of reform and opening up; to accelerate the economic development; to vigorously increase output and curtail expenses; and to vigorously broaden the sources of income and reduce expenditures. Economic construction and various undertakings across the province achieved stable development. Both financial revenues and expenditures surpassed the 1991 level. The province basically fulfilled the 1992 budgetary tasks approved by the provincial people's congress.

The 1992 budget of financial revenues approved at the fifth session of the seventh provincial people's congress was 8.01 billion yuan, and that of financial expenditure was 6.94 billion yuan. Both budgetary revenues and expenditures were readjusted on a greater scale in the course of implementation. After the readjustment, the

budgetary revenues were 7.969 billion yuan, but the province actually realized 8.368 billion yuan (the figure is taken from the year-end bulletin; the same is true for the figures below), fulfilling the readjusted budget by 105 percent and meaning a 7.1 percent increase calculated in term of comparable items over 1991. The spending of readjusted budget was 11.187 billion yuan, and the province actually spent 10.26 billion yuan, accounting for 91.7 percent in the readjusted budget and a 7.6 percent increase calculated in term of comparable items over 1991. The spending by the province in the year surpassed the available financial resources, and this resulted from the province's budget readjustment and from its accounts settled with the central authorities. The difference between them was 180 million yuan and will become smaller, thanks to the successive affluence of incomes from the province's budget consolidation, thanks to the elimination of some irrational expenses in the course of budget checking, and thanks to the state fund subsidies. The province will strive to maintain a balance between them. After having conducted the above-mentioned work and submitted it to the state for approval, the final accounts will be presented again to the provincial people's congress standing committee.

The major items fulfilled in the province's financial revenues in 1992 are as follows: Industrial and commercial tax revenues were 8.404 billion yuan, accounting for 103.3 percent of the budget. The agricultural tax revenue was 397 million yuan, accounting for 116.5 percent of the budget. The enterprises' income was minus 1.18 billion yuan, accounting for 106.9 percent of the budget. Of this income, the industrial enterprises income was 18.74 million yuan, accounting for 17.9 percent of the budget; the commercial enterprises income was minus 7.07 million yuan, accounting for 42.2 percent of the budget; the enterprises income of agriculture, animal husbandry, and aquatic production was minus 70.51 million yuan, accounting for 95 percent of the budget; the grain enterprises income was minus 1.054 billion yuan, accounting for 105.9 percent of the budget.

The major items fulfilled by the province in its financial expenditures in 1992 are as follows: The spending of capital construction was 572 million yuan; that for enterprises to tap their potential and conduct technical renovations, 438 million yuan; that of three scientific and technological projects, 102 million yuan; that of undertakings of agriculture, forestry, and aquatic production, as well as of supporting farming operation, 904 million yuan; that of undertakings of industry, communications, and commerce, 155 million yuan; that of urban maintenance, 673 million yuan; that of undertakings of culture, education, public health, 2.278 billion yuan (of which that of educational undertakings was 135 million yuan); that of scientific undertakings, 130 million yuan; that of pensions and social relief, 202 million yuan; that of administrative management, 773 million yuan; that of public security and procuratorial organs and people's courts, 475 million yuan; and that of price subsidies, 1.973 billion yuan.

In 1992, the province fulfilled the task of issuing 1.32 billion yuan worth of treasury bonds and collected 250 million yuan as the funds to build key energy and communications projects and 180 million yuan as the state budget regulation fund.

In 1992, in the difficult situation of declines in enterprises' economic efficiency and financial resources being relatively insufficient, governments at all levels persistently optimized the expenditure structure and scientifically distributed funds by giving prominence to key fields and also by giving consideration to ordinary ones, thus basically ensuring the fund demands of key fields and vigorously supporting the sound development of economic construction and various other undertakings.

We effectively supported the work of depending on scientific and technological means to invigorate agriculture. In 1992, the province's appropriations for agriculture were 50 million yuan more than the previous year, an increase of 6.8 percent if calculated in terms of the comparable standards. The investment structure was optimized further. More than 10 million yuan was used to especially support agricultural technological groups to increase their contracted areas by more than 10 million mu, and another 10 million was used to guide the financial direction. The province also attracted some 60 million yuan of funds from various fields of society and used the funds to replace 4,286 large tractors, farm machines, and tools. The provincial financial department allocated 50 million yuan along with the financial resources collected from society to support the building of the agricultural socialized service system, with the focus on transforming agricultural scientific and technological achievements and spreading agricultural technology, and to emphatically support the building of the 50 agricultural scientific and technological service systems at different levels in 20 counties. The province also supported the construction of 67 new, township-level comprehensive livestock service stations by six prefectural- and city-level livestock service centers. All these played a key role in strengthening the position of agriculture as the foundation of the economy and in promoting the development of fine-quality, high-output, and highly efficient agriculture.

We effectively supported the change of enterprises' operational mechanisms. In addition to arranging the appropriations for tapping the potential of enterprises, the provincial financial department made full use of their funds as the lever to guide and regulate the economy to promote enterprises to change their operational mechanism and gear themselves to the market economy by formulating preferential policies for enterprises, allowing tax exemptions and reductions, and allowing enterprises to return loans in the form of tax delivery. In 1992, large and medium-sized state-run industrial enterprises covered by the provincial budget drew a total of 110 million yuan in technology development funds, increased the depreciation fund by 102 million yuan, and supplemented the floating fund by 32 million yuan. By allowing enterprises to repay their loans with tax

delivery and giving tax exemptions and reductions to them as approved by policies, tax departments at all levels in the province effectively supported the increase in industrial production and the expansion in the circulation of goods.

We effectively supported the improvement of scientific research conditions. In 1992, the province's appropriations for scientific and technological fields was 43.58 million yuan more than in the previous year, an increase of 23.1 percent. The provincial financial department continued to increase input to support the provincial-owned scientific research institutes to build eight intermediate experimental bases and enabled seven intermediate experimental bases to begin to take shape, thus promoting the ripening and transformation of scientific research achievements and achieving marked economic efficiency. These intermediate experimental bases added more than 30 million yuan in output value and added about 5 million yuan in taxes and profits. The provincial financial department also used 3 million yuan to build and perfect five key scientific and technological laboratories, thus obviously improving the scientific research conditions and means of some scientific research institutes.

We effectively supported the development of educational undertakings. In 1992, the province's input in educational undertakings increased by 170 million yuan, or 14.4 percent, over the previous year if calculated in terms of comparable standards, surpassing the increase in the province's total expenditure by 6.8 percent. To ensure a relatively high increase in the margin of educational appropriations, the province also raised funds through diverse channels to increase the input in education. In 1992, the provincial financial department earmarked 65 million yuan for guiding and promoting the development of reductional undertakings and attracted 177 million yuan of funds from diverse channels to rebuild 780,000 square meters of dangerous schoolhouses, to add 100,000 teaching facilities, and to add 2,500 laboratories. As a result, teaching conditions were improved obviously.

We effectively supported the development of public health work. The whole province's financial expenses on medical and public health work increased by 9.2 percent, or 32.39 million yuan, over the previous year. This sum was mainly used for improving medical facilities and medical conditions in all types of hospitals at all levels. During the year, we built 22,000 square meters of houses for medical services and added 2,590 hospital beds and 119 pieces of large and medium-sized medical equipment. Meanwhile, we also allocated more than 6 million yuan in special funds mainly for improving the drinking water for people living in poor and outlying areas and to help county and township hospitals broaden avenues of increasing revenue and strengthen their medical and health-care work and their comprehensive service functions.

We effectively supported urban construction. In 1992, the city maintenance funds of the whole province increased 74.84 million yuan over the previous year, up



12.5 percent. This sum was mainly used in supporting the construction of urban infrastructure facilities. The whole province built more than 200 km of high-grade roads, built and renovated 10 bridges of various descriptions, increased urban water supply volume by 65.7 million tons and gas users by more than 80,000 in number, and completed 42 pollution improvement projects each with an investment of more than 500,000 yuan, thereby successfully decreasing the air pollution index greatly. In addition, marked improvements were made in making the urban areas green and upgrading the living conditions of residents.

In 1992, new progress was also made in the whole province's sports, cultural, family planning, radio, and television fields.

In a situation in which many factors were causing declines in revenue and increases in expenditures and in which there were huge discrepancies between supply and demands of funds in 1992, governments at all levels succeeded in fulfilling the budgetary tasks fairly well. These good achievements were the results of implementing Comrade Deng Xiaoping's important speech made during his tour to south China and the guidelines of the 14th CPC Congress and the results of the conscientious efforts of all levels and all fronts of government and the people of various nationalities to implement the guidelines of the fifth session of the seventh provincial people's congress, by broadening the avenues of increasing revenue, optimizing the expenditure structure, struggling arduously, and working diligently.

A. We actively developed an export-oriented economy and cultivated a new economic growth point. First, we increased input. The provincial financial department increased the special funds by more than 27 million yuan to support 36 enterprises dealing with foreigners, which effectively supported these enterprises to develop the export-oriented economy. Second, we delegated power to the lower levels. In order to support outlying open cities to accelerate the development of the export-oriented economy, on the basis of conducting in-depth investigation and study, we delegated to Heihe and Suifenhe cities the power to examine and approve the profit retention and distribution ratios of border trade enterprises, the export of labor service, the time limit for reducing and remitting profit delivery and the profit delivery ratio of project contracted enterprises, the housing allowances for Chinese workers and staff in foreign-funded enterprises, and the collection and payment of price subsidies. Third, we realistically strengthened management over the use of foreign exchange by nontrade units for going abroad temporarily. In line with the state demand, beginning from March 1992, our province changed the former method of putting the quota for using foreign exchange to go abroad temporarily under the management of the financial department and the power to examine, approve, verify, and apply for the expense account under the management of the foreign exchange management department into the unified management of the financial department.

B. We rendered great support to scientific and technological development to increase the part of economic growth attributed to science and technology. First, we started the work for finance departments to support the demonstration zones where science and technology were applied to develop the economy. The provincial finance department coordinated with the provincial science and technology commission to conduct work on the spot in the Suihua demonstration zone. They organized several provincial scientific research units and some colleges and universities in Harbin to introduce 31 scientific and technological achievements to Suihua Prefecture. The provincial finance department also allocated 5 million yuan of funds to initiate this work. When put into production, these achievements were expected to create about 50 million yuan in social economic benefits. Second, finance departments allocated funds to and participated in the preparations for the first "1992 Heilongjiang National Fair for the Exhibition and Trade of Scientific and Technological Achievements" and helped establish ties between scientific research units and production units. Finance departments at all levels also allocated subsidies to cover 10 percent of the fees needed in the transfer of the scientific and technological achievements traded in the fair. Agreements or letters of intent were signed at the fair for the transfer of more than 4,000 scientific and technological achievements, and some 2,000 of them will be transformed into real productive forces in one or two years, which is expected to increase benefits by more than 100 million yuan a year. Third, we greatly encouraged scientific research and the contributions of higher educational institutes to economic development. The provincial finance department set aside 2 million yuan of special funds to generously award 30 units which had made prominent contributions in science and technology to grow in the economy. This helped scientific research units in the province gear their work to economic construction and serve economic development.

C. We greatly promoted the work to reduce deficits and increase profits and strove to improve economic efficiency. First, we established the system of responsibility for attaining deficit-reducing targets. Deficit-reducing quotas were assigned to grass-roots enterprises and individuals, letters of responsibility were signed at every level, and the fulfillment of the deficit-reducing tasks and targets was linked to the distribution of bonuses. Second, we paid great attention to large money-losing enterprises. We made analyses particularly of the dozens of large deficit producers in the coal, sugar refinery, labor-through-reform, animal husbandry, and forestry industries and put forward measures to counter their deficits. The effective countermeasures yielded notable results. Excluding the 560-million-yuan deficits of sugar refineries resulting from special factors, the 1992 deficits of the budgetary industrial enterprises of the province decreased by 220 million yuan from the previous year, down 26.7 percent. Third, we adopted special measures to reduce deficits. Regarding the enterprises which had suffered deficits for a long time and those which suffered

deficits due to policy reasons and which held no promise of reducing deficits, governments at all levels actively adopted measures to suspend their production temporarily or permanently, merge them to others, or change their production lines. Regarding the budgetary money-losing enterprises, deficit-reducing funds were established and refunds were made in advance to help them reduce deficits and increase profits as soon as possible. Fourth, we supported the work to lift controls on and to invigorate grain enterprises. The provincial government issued timely policies on improving and strengthening management to gradually suit the grain business to the market economy, reduce financial burdens, and promote the open business and invigoration of grain enterprises. Grain enterprises reduced their deficits by more than 10 million yuan in the year. Fifth, we intensified propaganda through the press. The provincial finance department and HEILONGJIANG RIBAO launched activities to solicit articles on "reducing deficits, increasing profits, and improving enterprise" and organized various circles of society to suggest ways and means. Many helpful opinions and suggestions were given, and several typical examples, both positive and negative, were analyzed. This played an important role in improving enterprises and helping them reduce deficits and increase profits.

D. We greatly developed the county economy to enhance our financial capacity. First, we raised funds from various quarters to increase investment. To accomplish the "551221" program (namely building five counties whose revenues reach 100 million yuan, five counties whose revenues reach 80 million yuan, and 12 counties whose revenues reach 50 million yuan and helping 21 counties off subsidies) for developing the county-level finance for the Eighth Five-Year Plan period, the province collected 240 million yuan, including loans from finance departments and banks, prefectural and city financial allocations, and funds raised by enterprises themselves, to support 79 projects in particular. Following initial operation, these projects are expected to increase profits and taxes that are turned over to higher authorities by more than 100 million yuan. Second, our work emphasis was placed on building a unified production system of trade, industry, and agriculture with dairy-cow production as a main link. The provincial financial department raised 18 million yuan to support the construction of dairy-cow production bases among 21 counties (county-level cities). The province collected almost 70 million yuan for this purpose by adopting the methods of having the provincial authorities invest their money, having counties give a helping hand, and having people raise funds by borrowing loans and receiving interest subsidies. More than 13,800 dairy cows of fine quality and high yield were brought with these funds. This has promoted the dairy enterprises in the dairy-cow production bases to basically realize the full-load production and to achieve the desired economic results. Third, the strength of promoting the development of township enterprises was enhanced. In addition to formulating a series of preferential policies, financial departments at all levels

provided 83 million yuan of working funds in 1992 to help township enterprises. Of these funds, the provincial financial department used some to assist the township enterprises carry out 25 new projects and technical renovation projects. After having put these projects into production, the annual increased profits and taxes are expected to reach more than 5 million yuan. In order to promote township enterprises to accelerate their new technical creation, the provincial financial department associated by the relevant departments successfully sponsored an exhibition and trade talk of newly introduced technologies and products for township enterprises in 1992. This has enabled a large number of township enterprises to absorb new technologies and to develop new products.

E. We vigorously supported the activities of promoting production and increasing incomes, and actively enlivened the existing volume of assets. First, we issued the auxiliary policies of supporting the consolidation of large and medium-sized enterprises in a timely manner and cleared up a large number of laws, regulations, systems, and methods that were impeding enterprises from transforming themselves to the market economy. Meanwhile, we continuously enforced the preferential policies among a large number of backbone enterprises and created flexible conditions so that enterprises may conduct management independently and enter markets. Second, to support or promote enterprises in the development of new products and application of new technologies, the provincial financial department supported them so that almost 100 new products have been developed by giving them interest subsidies for technical renovations, and the volume of working funds has increased. These new products are expected to produce 20 million yuan of new economic results annually. Financial departments across the province also made use of 186 million yuan of intermittent and out-of-budget funds deposited by specialized institutions to support the operation of 1,434 projects, which earned 25.51 million yuan of new taxes in the year. Third, we vigorously enhanced the management of tax revenues and strictly implemented tax affairs in line with the law. Tax affairs departments at all levels across the province strengthened management over tax payment standards while continuously upholding the principle of paying attention to large-sum taxpayers and strictly supervising the small-sum taxpayers. They also upheld the separation among tax collection, tax management, and tax inspection. The province's industrial and commercial tax revenues in 1992 showed a 534 million yuan and 7 percent increase over 1991. The collection work of agricultural taxes, land occupation taxes, and the taxes of special agricultural and forestry products was obviously enhanced. Fourth, we vigorously promoted the effective utilization of the state's idle assets. Based on setting up the demarcation line among the property rights of the state-owned enterprises, the province saved a large number of enterprises and made them flourish by selecting some enterprises to issue new stocks and to be merged with others or to join in the associations.



F. We vigorously enhanced financial and tax supervision and actively rendered services for economic development. First, we vigorously conducted the regular supervisory work for financial and economic disciplines and carried out inspection among more than 2,500 enterprises and administrative units over specialized items in the five fields. We discovered 30 million yuan of funds in violation of discipline. Second, we vigorously grasped the mass inspection over the tax revenue, the financial affairs, and commodity prices; and discovered 254 million yuan of funds in violation of discipline. Of these funds, those that deserve to be handed over to the state treasury reached 153 million yuan, and those that had been handed over to the treasury reached 117 million yuan. Third, we relentlessly grasped the work of preventing the "three arbitrariness." Based on fulfilling the tasks of having units conduct self examination and rectification, conducting inspection over key problems, examining and handling cases, and consolidating regulations and establishing systems, the provincial authorities worked with the provincial People's Congress Standing Committee to organize stronger forces to conduct again selective examination and acceptance tests over key problems among more than 20 prefectures, cities, and counties. They further consolidated and broadened the achievements as well as discovered and handled some new problems. Based on conducting inspection and acceptance tests, they formulated the relevant regulations of collecting charges imposed as fines or confiscated goods. In line with the opinions given by the state leading group in charge of preventing the "three arbitrariness" during its inspection tours in our province, the province's current work of preventing "three arbitrariness" has gone from the consolidation of the concentrated period to the frequent consolidation conducted by various functionary departments. This shows that the province's work in this regard has gradually become standardized and legalized management.

The main problems reflected during the implementation of the 1992 provincial financial budget were: First, judging from the overall situation, the economic efficiency of industrial enterprises remained fairly poor, showing a deficit increase, if the special factor of the sugar industry's deficit is added, of more than 340 million yuan over last year. Second, the growth of financial revenue was quite slow, creating a great shortage of financial resources and great difficulties in the circulation of financial funds. Third, in financial expenditure, the demand was greater than supply. The financial shortage was quite serious in some localities, with them showing budget deficits. According to initial statistics, the deficits of 14 counties (and cities) throughout the province totalled 50 million yuan by 1992, thus bringing the total number of deficit-incurring counties to 22 and total deficit to 219 million yuan. Fourth, the problem of violating financial discipline remained very serious. Some localities spent their expenditure funds recklessly by adopting such means as retaining expenditure funds and misappropriating special funds, thus aggravating the burden of financial

departments and enterprises. Fifth, the problems of loose financial management and ineffective supervision still existed. Governments at all levels must pay great attention to these problems and adopt effective measures to realistically solve them during their future work.

During the five years from the convocation of the first session of the seventh provincial people's congress in 1988 to 1992, the people's governments at all levels across the province persisted in implementing the party's basic line on "one central task and two basic points"; conscientiously carried out the "project of keeping a balance between financial revenues and expenditures" in their financial budgets; carried out their work in close connection with the idea of "developing science, technology, economy, finance, and undertakings"; and made flexible use of funds in spite of the tight financial budgets. Judging from the overall situation, budgets were well met. The whole province's actual financial strength was strengthened noticeably. During the past five years, the province's financial revenues rose from 6.190 billion yuan to 8.368 billion yuan, showing an annual average increase of 7.8 percent; financial expenditures rose from 7.25 billion yuan (including special subsidies from the central authorities) to 10.22 billion yuan, showing an annual average increase of 9 percent. If the sums of the the past five years are added, the province's total financial revenues and expenditures respectively reached 36.92 yuan and 44.31 billion yuan. This fund played an important role in supporting the development of the national economy and all other undertakings and improving the people's living. The county financial situation improved remarkably. During the five years, our province's county revenues rose from 1.53 billion yuan to 4.33 billion yuan, showing that the increase was always higher than the province's average increase of financial revenues. Of this, the financial self-sufficiency rate of the 42 counties enjoying financial subsidies across the province rose from 71.4 percent to 84.1 percent. Of the 33 poor counties with a very low level of financial self-sufficiency, 21 attained the standard of ending poverty defined by the province. The financial expenditure structure was rational. During the five years, thanks to our efforts to uphold the principle of guaranteeing some key projects while cutting some minor projects, we succeeded in making the growth of expenditures on agriculture-oriented projects, education, science, and technology exceed the province's average growth of financial expenditures by 2 percentage points or more. During the past five years, the total expenditures in these aspects respectively reached 4.12 billion yuan, 5.52 billion yuan, and 870 million yuan. The province's administrative management funds and all types of price subsidies were effectively controlled, of which the spending of administrative funds was noticeably lower than the national average expenditure growth. The financial revenues and expenditures were basically balanced. During the five years, our province succeeded in striking a balance between revenues and expenditures in four years with a small surplus. It will be possible to



realize a balance between financial revenues and expenditures in 1992 through the hard work and efforts of all sectors across the province. Financial supervision and management were noticeably strengthened. During the five years, we discovered a total of 1.75 billion yuan of illicit funds of various descriptions gained through discipline breaches, and recovered 1.06 billion yuan for the financial department. This helped to check unhealthy trends in the economy and guaranteed a stable increase in financial revenues.

In the five years, Heilongjiang also sold 4.04 billion yuan worth of state treasury bonds and special bonds and collected 2.56 billion yuan of energy and transportation key construction funds and budget regulating funds, thus making due contributions to alleviating the state's financial difficulties and supporting state key projects.

## **2. Heilongjiang's Draft Budget for 1993**

The next five years will be an important period for determining whether or not Heilongjiang's economy can reach a new stage again and also a key period in our effort to bring about a fundamental turn for the better in finance. In carrying out financial work, people's governments at all levels across the province should adhere to the party's basic line; thoroughly implement the guidelines of the 14th CPC Congress; comply with the establishment of the new system of the socialist market economy; accelerate economic development and improve economic efficiency; facilitate the transformation of the enterprise operating mechanism; maintain a balance between revenues and expenditures; refrain from budget deficits; persistently act according to our financial capacity; strive to serve Heilongjiang's various undertakings and building of the "two civilizations"; and make contributions to enabling all fields to comply with the socialist market economy more quickly and to push the economy to a new stage.

Based on this guiding thought, the initial revenue and expenditure targets for the next five years are defined as follows: First, we should strive to achieve a stable budget balance and gradually absorb the defaulted financial allocations of the previous years and the deficits of some cities and counties. Second, we should strive to make the growth rate of revenues the same or higher than that of economic development. Third, we should strive to further optimize the structure of expenditures and, within the limits of our financial capacity, increase expenditures on productive projects every year and make the growth rate of key agriculture-oriented, scientific and technological, and educational projects about 2 percentage points higher than the growth rate of the total expenditure. Fourth, we should strive to notably enhance the county-level economic strength of the province and accomplish the "551221" program for rejuvenating the county-level finance on schedule or ahead of schedule. Fifth, we should strive for a faster development in the town and township finance and economy and maintain an annual increase of 10 percent or more in the revenues of towns and townships.

We were faced with both favorable and unfavorable factors when arranging the 1993 revenue and expenditure budget. In general, favorable conditions outweigh unfavorable ones. After giving full consideration to both and following the principle of keeping expenditures within the limits of revenues, we put forward the following draft budget:

The 1993 draft budget submitted to this session for its discussion has been drawn up in line with the aforementioned guiding thoughts, targets, and factors as well as the state-assigned revenue quota for this year. Heilongjiang's revenue is set at 8.82 billion yuan, up 5 percent from last year in terms of comparable standards. After deducting the revenues earmarked for the state and settling accounts for various state special funds, Heilongjiang has 7.633 billion yuan left at its disposal. In line with the principle of keeping expenditures within the limits of revenues and deciding on expenditures based on revenues, Heilongjiang thus arranged its expenditures as 7.633 billion yuan, up 4.5 percent from last year in terms of comparable standards. The budgetary revenue and the budgetary expenditure are in balance.

The province's main receipts in 1993 break down as follows: The receipt from industrial and commercial tax is arranged at 8.898 billion yuan, an increase of 490 million yuan over the 1992 bulletin figure; that from agricultural tax is at 349 million yuan, arranged according to the figures from ordinary years, 47.21 million yuan less than the 1992 bulletin figure; that from industrial enterprises is arranged at 141 million yuan, an increase of 122 million yuan over the 1992 bulletin figure; that from commercial enterprises is arranged at minus 20 million yuan, minus 12.93 million yuan more than the 1992 bulletin figure; that from agricultural, livestock, and aquatic products enterprises is arranged at minus 71.52 million yuan, minus 1.01 million yuan more than the 1992 bulletin figure; that from grain enterprises is arranged at minus 965 million yuan, 88.49 million yuan less than the 1992 bulletin figure; that from other sources is arranged at 130 million yuan, a drop of 180 million yuan from the 1992 bulletin figure; additional receipt from education is arranged at 113 million yuan, an increase of 21.52 million yuan over the 1992 bulletin figure; the receipt for collecting state-assigned funds for energy resources and that from budget regulating funds are arranged at 153 million yuan, a drop of 21.69 million yuan from the 1992 bulletin figure.

The main expenditures in 1993 break down as follows: Expenses in capital construction are arranged at 352 million yuan and expenses in capital construction of various cities and counties increased by 23.36 million yuan. Expenses in enterprises' technological transformation and those to help enterprises tap their potential are arranged at 290 million yuan, an increase of 9.7 percent over the 1992 budgeted figure (calculated in terms of comparable items; the same is true for the below figures.) Expenses in trial manufacturing of new products, intermediate experiments, and key scientific research are arranged at 195 million yuan, an increase of 10 percent

over the 1992 budgeted figure. The aid-agriculture expenses and expenses in agriculture, forestry, and fishery undertakings are arranged at 701 million yuan, an increase of 7 percent over the 1992 budgeted figure. Expenses in urban maintenance are arranged at 608 million yuan, an increase of 8 percent over the 1992 budgeted figure; expenses in education, 1.12 billion yuan, an increase of 7.5 percent; administrative expenses, 643 million yuan, an increase of 6 percent; and expenses for public security organs, procuratorial organs, and people's courts are arranged at 333 million yuan, an increase of 7 percent.

In 1993, the state-assigned quota for purchasing treasury bonds should reach 1.343 billion yuan. To this end, the people's governments and financial and tax departments at various levels should continue to carry forward the spirit of taking the overall situation into consideration, making more contributions, and ensuring smooth realization of the state objective of concentrating financial resources and strengthening the ability in regulating and controlling the macroeconomy.

### 3. Make Efforts to Smoothly Fulfill the 1993 Provincial Budget

Nineteen ninety-three is a key year for our province to turn toward the market economy and elevate the economy to a new level. To ensure that the 1993 budget is met, the governments at various levels across the province should continue to deeply implement the guidelines of the 14th CPC Congress, positively encourage all trades and professions to turn toward the market economy; vigorously accelerate economic development; strive to increase economic results; continuously follow the thinking of "rejuvenating science and technology, the economy, finance, and undertakings"; deeply implement the "project for balancing revenues and expenditures"; and prominently attend to the six major tasks.

First, we should expand the degree of upgrading our province's strategy of opening up by regarding the development of circulation of goods and big markets as the emphasis. Governments at all levels should continue to support the improvement and building of all types of markets in terms of policies and funds; support all localities in carrying out rich and brilliant economic and trade symposiums and material exchange activities by adopting all types of effective forms; give play to our province's geographic and resources advantages to develop the tourist industry and actively develop all tourist activity such as shopping, recuperation, sightseeing, and economic and trade activities; support large and medium-sized enterprises carry out transcountry business and run plants outside the province and encourage people to shift the final working procedures of goods to port cities for processing and export so as to increase the value of goods; support our province's advantage of having border trade enterprise groups run economic development zones in Russia; give full play to the advantages of our province's processing industry; use the

rich resources of Russia to create more wealth and earn more money from outside; support foreign trade enterprises introduce technology, personnel, and equipment and export labor services; and support shareholding enterprises formulate methods for collecting and managing the shareholding rights and profits of the state, and support people so as to attract foreign capital and invite foreign businessmen to make investments and to run plants in our province in an effort to promote our province's three types of foreign-funded enterprises to develop by leaps and bounds. We should strive to upgrade the strategy of opening up to make bigger strides in improving the province's financial and economic situations.

Second, we should expand the degree of serving and building the market economic system by strengthening macroeconomic regulation and control and regarding this means as an emphasis. 1) We should further support and strengthen agriculture, which is a foundation of the national economy, and through the input of funds and policy guidance, enable our province's agriculture to shift to the path of developing a type of farming that provides high yields of fine quality with maximum efficiency. Financial departments at all levels should work together with banking departments, adopt measures to guide peasants to use more accumulation funds in agriculture, gradually form a pattern of increasing agricultural input through various forms and channels, promote a stable increase in agricultural production, and lay a solid foundation for building the socialist market economic system. Under this premise, we should continue to build the basic financial resources at all levels, particularly the cultivation and building of pillar financial resources in an effort to strengthen the momentum for economic development and the financial departments' macroeconomic regulation and control capacity in the market economy. 2) We should further deeply implement the "project of guaranteeing a balance in financial revenues and expenditures" in our financial budget, adopt rigid measures to reduce the number of deficit-incurring counties and their deficits, and avoid the shortage of funds and the delay of wage payments caused by expenditures exceeding revenue. 3) We should further strengthen coordination and cooperation of departments which serve as economic levers—finance, tax, and banking departments—and enable them to jointly regulate and control the supply and demand of funds and to implement special industrial policies, rationalize the production set-up and product mix, and create favorable conditions for better developing the market and effecting a rational distribution of natural resources. 4) We should continue to strengthen the management of all sorts of financial funds, expand the financial credit and service scope, improve the results of using financial credit funds, and give play to the guiding role of financial credit funds in the course of macroeconomic regulation and control. 5) We should further strengthen management over state assets and realistically safeguard the rights and interests of state assets. We should organize and expand the experiment of assessing investments in

state-owned assets and the experiment of entrusting the operational right of state-owned assets to enterprise groups in selected units, and continue to supervise and inspect the performance of state-owned assets in Sino-foreign, cooperative, and jointly operated enterprises as well as enterprises established outside the province; further strengthen appraisal and management over state-owned assets, consolidate and appraise the operational organs, train special personnel for handling appraisal work, and continue to promote enterprise mergers and auctions and to use idle assets; explore ways to establish intermediary organs for dealing with state-owned assets; and expand the scope of the property rights trading market in an effort to push state enterprises to the market and to enhance the operational efficiency of state-owned assets.

Third, we should greatly intensify the work to reduce the deficits and increase the profits of enterprises, with the emphasis on transforming their operating mechanism. 1) We should conscientiously enforce the "general rule on enterprise finance" and the "guiding rule on enterprise accounting" and, in line with the objective requirement for the transition to the market economy, grant grassroots units and enterprises the autonomy for financial and accounting management. 2) We should reduce financial refunds that cover the deficits of some enterprises and some price subsidies according to the gradual lifting of price controls. Meanwhile, we should use some of the financial resources saved in this manner to establish a risk fund or to support enterprises which produce important means of production to develop the intensive processing industry or business in order to help them reduce deficits and increase profits. Regarding the refunds to cover the deficits of some enterprises that are included in the budget at various levels and cannot be abolished for the time-being, some of them may be paid in advance as funds for implementing the measures for reducing deficits and increasing profits so that some enterprises provided with favorable conditions can reduce deficits and increase profits more quickly. 3) We should support enterprises in changing the unitary form of ownership by developing the shareholding system and other measures and enhance workers' master-like sense of responsibility and sense of participation in managing and improving enterprises. We should continue to explore and support the experiences in the reform of the shareholding system and formulate relevant preferential policies to provide favorable conditions for instituting the system across the board. 4) In line with the requirement of the law governing the market economy, we should draw up financial and tax collection policies to encourage the competition of enterprises on an equal footing in order to optimize the organization of enterprises by selecting the superior and eliminating the inferior. Enterprises which conform to the industrial policy and are outstanding in producing economic efficiency and social benefits should be given more policy support and consideration whenever financial capacity permits. We should resolutely suspend refunds, tax reductions, and exemptions that cover deficits of firms that lose money due to poor management

and show no promise of recovering their losses. 5) The income tax rate of the enterprises of various categories throughout the province should be unified, and coordinating policies should be formulated to reduce the burdens on enterprises, support their production, and encourage them to compete on an equal footing. We should study and draw up preferential policies to promote the auction of enterprises; select the small industrial enterprises which suffer serious deficits, cannot pay off their debts with their assets, and lack the capacity for further development, to experiment with the auction system; and support the merger and cooperation of enterprises. 6) Taking advantage of their quick access to information and wide contacts, finance departments should summarize and disseminate the experiences of advanced enterprises in reducing deficits and increasing profits and should adopt economic means to encourage these advanced enterprises to support, help, and lead the slow ones.

Fourth, we should intensify the work of relying on science and technology in developing finance and economy, with the emphasis on facilitating the transformation of scientific and technological achievements. 1) We should continue to support scientific research units and colleges and universities to improve their conditions for scientific research and accomplish on schedule the construction, renovation, and improvement of intermediate experiment bases and key laboratories. 2) We should carry out unified management of the established various special funds for supporting scientific and technological development and change some of these funds into loans. 3) We should give more financial support to the construction of the Suihua demonstration zone, where the principle of developing the province with science and technology is applied; strengthen its exemplary role; and accelerate the dissemination and application of the demonstration projects. 4) We should continue to support and encourage enterprises to purchase and apply scientific and technological achievements, accelerate the technological progress of enterprises, and enhance their capacity for creating new technology and improving products. We should particularly support the dissemination and application of the new technology for farming and new farm machines to apply advanced applicable technology to more areas. We should actively support the various types of training programs for peasants to enhance their ability to understand and adopt agricultural scientific and technological achievements. 5) We should support the cooperation of scientific research units and colleges and universities with enterprises, facilitate the transformation of scientific and technological achievements, and accelerate the scientific and technological progress of enterprises. 6) We should gradually establish the circulating funds to support scientific and technological undertakings and strive to increase the funds to 10 million yuan in three years.

Fifth, we should increase the strength to make the financial affairs and the economy at the county level flourish by regarding the development of township enterprises as an emphasis. 1) Governments at all levels



should orient the work of supporting the development of township enterprises onto the track of making financial affairs and the economy at the county level flourish and should grasp the work in a down-to-earth manner by regarding it as an important task. 2) In line with the principle of giving in order to receive, efforts should be made to further straighten out the financial systems at the township level and to have the township financial departments possess greater self-determination rights so as to bring into full play the enthusiasm of township governments in being the master of their own affairs and in developing township enterprises. 3) We should earnestly implement the policies of supporting and enhancing the capability of township enterprises in self accumulation and their impetus for accelerating development. Based on its original arrangements for the working funds of townships and towns, the provincial financial department should show a 10 percent increase annually and allow townships and towns to use the funds in a cumulative way. The financial department at city and county levels should also draw up the budget using 1 percent of the financial resources for supporting the development of township enterprises. Except for educational expenses, the new tax revenues that were originally set for agricultural expenses should chiefly be used for township enterprises. Meanwhile, efforts should be made to reinforce and strengthen support for the development of collectively owned enterprises in urban areas. The yearly average increase of 2 million yuan conducted by the provincial financial department for the working funds of urban collectively owned enterprises will be carried out by the provincial tax affairs bureau, and these enterprises will be allowed to use these funds in a cumulative way. The financial department at all levels should arrange as much funds as their financial capabilities permit to support the development of urban collectively owned enterprises. 4) We should rely on scientific and technological management, information, and technical progress to make township enterprises prosperous. Strenuous efforts should be made to support production means and business associations between large and medium-sized enterprises and township enterprises and to carry out the activities of supporting or helping each other in handling the burdens. 5) We should continuously enforce the plan for achieving prosperous development in financial affairs in the county-level economy and implement the policies and measures overall. We should also ensure the smooth fulfillment of targets set for 1993 and should further reinforce and strengthen support for the counties that are receiving subsidies so they may rid themselves of subsidies and should support advanced counties to accelerate their development. 6) We should continuously enhance guidance over the plan for building financial resources at the county level; intensively establish a large number of financial pillar enterprises; and foster the scientific, rational, and hierarchical structure of reserve financial resources.

Sixth, we should broaden the activities of increasing income and curtailing expense by regarding the enhancement of financial and tax management as an emphasis

and readjust the scope of distributions. 1) We should uphold the principles of managing the financial and tax affairs in line with the law. We should earnestly implement the "law of managing tax revenues" issued by the state and a series of policies and provisions that will be issued by the state for readjusting the tax rate and conducting reform among the tax systems. We should also enhance the collection and management of tax revenues, reduce the tax evasions as much as possible, build a good managerial order and environment for tax revenues, and gradually legalize financial and tax management in a scientific way. 2) We should vigorously organize the financial revenues of various categories. We should also study and improve economic factors of various kinds, enhance measures for managing financial and tax revenues, realistically reinforce the strength of tax collection and management, and ensure the timely collection and storage of fixed-quota financial revenues. 3) We should continue to persist in the principle of optimizing structures and increasing economic results; strive to invest in agriculture, education, science and technology, and key productive projects to tap into enterprises' potential, and conduct technological transformation which will account for a larger proportion of the province's total expenditures; and continue to strengthen control over expenses in nonproductive projects, such as administration costs. 4) We should continue to help administrative units and institutions change their functions and reduce staff. According to the principle of having both guarantees and controls, we should appropriately collect money and use it as working funds for expanding cultural, educational, and administrative undertakings. We should also support administrative units and institutions to run economic entities. When conditions permit, administrative units and institutions will be allowed to use the budgetary funds that are temporarily not in use and the portions of funds saved from expenses to run economic entities and pay service centers. 5) We should vigorously support the development of tertiary industry. Particularly in line with the changes in government functions, we should carry out distribution policies in which priorities are given to the administrative units and institutions whose functions have changed, support and encourage administrative units and institutions to develop tertiary industry, reduce allocations, and increase the pace of transition from totally relying on finance to partially relying on finance and from partially relying on finance to becoming self-sufficient in revenues and expenditures. We should support and encourage administrative organizations to streamline staff and reduce their size; carry out, on a trial basis, the method of linking allocations with the authorized size of the staff (within a period of time) and the method in which allocations remain unchanged despite changes in the number of personnel; and allow the units that reduce their staff to use their surplus funds to run economic entities or make up the deficiency in capital. 6) We should further intensify financial supervision. According to the principle of linking leniency with strictness, we should escort the development of the economy. We should continue to

eliminate the phenomena of arbitrarily collecting funds, imposing finds, and apportioning expenses and we should help enterprises reduce various kinds of unreasonable burdens. When conducting regular and unannounced financial and tax revenue supervisions and inspections, we should further strengthen the training and management of accountants; speed up the development of accountants offices; positively run, on a trial basis, commissioned offices for handling tax affairs; organically link administrative supervision with socialized supervision; and also create conditions to develop toward the orientation of supervision by society.

Fellow deputies: The province's budgeted tasks in 1993 are relatively heavy. Simultaneously, fulfilling the 1993 budgeted tasks is of great significance. So, we should mobilize the people of all nationalities across the province to work under the leadership of the provincial party committee and along with the orientation of setting up the socialist market economy as defined at the 14th CPC Congress, to further emancipate the mind, to change ideas, to be inspired with enthusiasm, to keep forging ahead, and to fight for satisfactorily fulfilling the budgeted tasks as defined at this session, making new progress in the economic construction and all undertakings, and elevating the economy to a new level.

#### **Liaoning Secretary Attends CPPCC Session**

SK2802055793 Shenyang Liaoning People's Radio  
Network in Mandarin 2300 GMT 26 Feb 93

[Excerpts] The opening ceremony of the first session of the seventh provincial committee of the Chinese People's Political Consultative Conference [CPPCC] was held at the Bayi Theater in Shenyang on 26 February. More than 600 CPPCC Committee members from various parts of the province gathered at the meeting hall to discuss how to restore the power of Liaoning and to achieve a second extraordinary development.

The CPPCC Committee session ceremoniously opened at 0900 amid the magnificent playing of the national anthem. Sitting in the front row of the rostrum were executive members of the presidium, including Sun Qi, Lin Sheng, Liu Mingjiu, Yue Weichun, Liu Qingkui, Wang Shuzhi, Gao Qingzhou, Zhang Lingyun, Zhang Chenglun, Gong Shiping, and Ma Pinfang. Leaders of the provincial party committee, the provincial advisory commission, the provincial discipline inspection commission, the provincial people's congress, the provincial government, the Shenyang Military Region, and the Liaoning Provincial Military District as well as veteran leaders of the province were invited to the session. They included Quan Shuran, Yue Qifeng, Cao Bochun, Song Kada, Guo Feng, Huang Oudong, Dai Suli, Li Tao, Song Li, Xu Shaofu, Wang Julu, Wang Chonglu, Ma Shenglin, Zhang Guoguang, Xu Wencai, Wen Shizhen, Ge Xifan, Zuo Kun, Xiao Zuofu, Zhang Rongmao, Cong Zhenglong, Guo Tingbiao, Xiang Jingyuan, Shen Xianhui, Chen Enfeng, Chen Yanzhi, Gu Xueqiu, Ma Longxiang, Li Qisheng, Hu Yimin, Zou Yan, Wei Zhi, (Wu Jingan), and Yu Jingqing. Officials of consulates of various countries stationed in Shenyang and friends from Hong Kong and Macao were also invited to the opening ceremony. The CPPCC session was presided over by Yue Weichun. Sun Qi gave an opening address. [passage omitted]

Li Sheng, vice chairman of the sixth provincial CPPCC Committee, delivered a work report at the session. [passage omitted]

In his report, Lin Sheng reviewed the work of the sixth provincial CPPCC Committee over the past five years and put forward suggestions for the future work of the provincial CPPCC Committee. He said: In the future, the provincial CPPCC Committee will continue to study and implement the guidelines of the 14th CPC Congress; exercise its political consultation and democratic supervision functions better; offer plans and make efforts to accelerate reform, opening up, and economic development; take the theory on building socialism with Chinese characteristics as guidance; give further play to its role in building socialist spiritual civilization, democracy, and the legal system; gear to the needs of the situation; and continue to strengthen its self-development. [passage omitted]

**Taiwan Dissident Applies To Return to Taipei***OW0203131893 Tokyo KYODO in English 1300 GMT  
2 Mar 93*

[Text] Taipei, March 2 KYODO—Former legislator Huang Shun-hsing, 70, until recently a member of the Standing Committee of the National People's Congress (NPC), has officially applied to return to Taiwan after eight years in Mainland China, Taiwan Television (TTV) news reported Tuesday [2 March].

Huang, a senior leader in Taiwan's "Tangwai" democratic movement in the 1970s and early 1980s, left Taipei in 1985 for Beijing. After serving for a year as a special advisor to the Ministry of Agriculture, Huang became a member of the National People's Congress and later a member of the NPC Standing Committee in 1987.

In a telephone interview, Huang told TTV news that although he was disturbed by major policy changes in Mainland China, this factor had nothing to do with his decision to return to Taiwan.

He wished to return to Taiwan primarily to visit with friends and family. "I've been away from Taiwan for eight years, that's why," he told TTV news. Huang also said that he had no plans to remain permanently in Taiwan.

In last April's NPC meeting, Huang embarrassed Beijing policymakers by walking out after not being permitted to offer criticisms of Beijing's plans to build a giant, multi-billion dam across the three gorges in eastern Sichuan Province. The project is strongly supported by Premier Li Peng.

Huang said, "Mainland China's political system is a one-party dictatorship. You can say that the policies change frequently, causing the people to become worried and panicky. They have laws, but they don't follow them. Statements from officials stand in place of laws, and money is used to get around laws. But this isn't the reason why I'm returning to Taiwan."

He was active in the Tangwai movement in the 1970s and had a special interest in environmental issues, an interest which he followed in the mainland. He was a leading NPC critic of the Three Gorges Dam.

Huang was a rare advocate of Taiwan's unification with China among leading participants in the island's democratic movement.

Asked whether his previous activities would cause concerns within the Taiwan Government about whether he should be allowed to return, Huang told TTV news that he was a law-abiding individual.

Regarding Huang's application, Liu Feng-chu, vice-commissioner of the Bureau of Entry and Exit of Taiwan's Ministry of the Interior, told TTV news that the

bureau would handle the affair as a special case and deal with it from a humanitarian perspective.

"I think that the reasons why he originally went to the mainland will be the sensitive factor," Liu said.

Sources close to Huang's family told KYODO NEWS SERVICE they are confident that his application will be approved.

"He will be 70 years old on March 12 and is no longer an NPC member," one observer said.

**Taiwan, Mainland Nuclear Scientists Attend Forum***OW0403102493 Beijing XINHUA in English 0733  
GMT 4 Mar 93*

[Text] Beijing, March 4 (XINHUA)—The '93 Mainland-Taiwan Nuclear Science Seminar opened this morning at the Beijing Hotel, with more than 80 scholars in the field of nuclear physics from the mainland and Taiwan participating.

Xu Honggui, permanent council member of the Chinese Nuclear Society, said that this is the first large-scale seminar jointly attended by scholars from the mainland and Taiwan in the field of nuclear physics.

During the two-day seminar, 27 reports on special topics will be read, covering such areas as operation of nuclear power plants, nuclear safety, disposal of nuclear waste and environment supervision.

The seminar, held under the auspices of the Chinese Nuclear Society, is jointly sponsored by Wang Dexi, a leading mainland nuclear scientist, and Su Qingsen, professor of the Department of Nuclear Science of Taiwan's Tsing Hua University.

Huang Qitao, deputy general manager of the China Nuclear Industry Company, said at today's opening ceremony that Taiwan has a nuclear power development history of more than 20 years and has accumulated rich experience in the construction and safe management of nuclear power plants.

He said the mainland has constructed a complete nuclear industrial system and has fostered many specialists in the field. It has made achievements in the peaceful use of nuclear science and technology.

According to him, in recent years, due to fairly rapid economic development, the mainland is facing an increasing shortage of energy supplies. As a result, the nuclear power industry will gradually develop in line with the economy's demands for energy. At present some provinces in the southeast coastal areas are planning to construct new nuclear power plants.

During their sojourn on the mainland, the Taiwan scholars will visit nuclear research organs in Beijing, and visit the Qinshan and Daya Bay nuclear power plants.



**President Li Meets Canadian Energy Minister**  
*OW0403120693 Taipei CNA in English 0807 GMT  
4 Mar 93*

[Text] Taipei, March 4 (CNA)—The visiting Canadian Minister of Energy, Mines and Resources Bill McKnight said Wednesday [3 March] that Canada is interested in participating in the Republic of China (ROC)'s national development plan and that closer economic and trade relations will benefit both countries.

Minister McKnight is heading a large trade mission on a four-day visit here. He was received by President Li Teng-hui this morning.

He said at a press conference Wednesday that several Canadian ministers have decided to include Taipei in their Far East trips in the next few months. As far as he knew, he added, the ROC's minister of transportation and communications has planned a trip to Canada. Such exchanges will certainly help promote relations between the two countries, according to the minister.

While there is still a big trade gap in the ROC's favor, McKnight said he hoped that the Canadian business and industrial sectors can find more marketing opportunities on the current trade mission and that the trade difference can be narrowed.

The minister said that Canada is most willing to transfer advanced technologies to Taiwan. He cited, for instance, that Taiwan can import machinery from his country.

At a Canadian beef promotion at the Lai Lai Sheraton in Taipei Wednesday afternoon, McKnight, former minister of agriculture, said that he was pleased to know that the ROC will soon lower import tariffs on beef.

**Taiwan-French Economic Cooperation Increases**  
*OW0303185893 Taipei CNA in English 1458 GMT  
3 Mar 93*

[Text] Paris, March 2 (CNA)—Economic cooperation between France and the Republic of China (ROC) has borne fruitful results in 1992, according to the annual report of the Organization for the Cooperation and Investment of France in Asia (OCIFA).

The report released Tuesday [2 March] said seven contracts for technological cooperation or joint venture project have been concluded within the ROC-French matchmaker convention and four others signed between private enterprises of the two countries.

The OCIFA, founded in 1987 [word indistinct] the powerful national commission of French employers, aims at promoting French products in the ROC and industrial and technical cooperation between the two countries.

Presenting the annual report, OCIFA spokesman [passage indistinct] said at least 18 high-tech research projects were presented to the organization by French firm seeking ROC partners.

Ruan added that about 100 leading French firms have registered for participation in the French Olympiades Des Metiers exhibition to be held in Taipei in August 1993.

The next ROC-French matchmaker convention would be held in Paris on June 9-10, he said.

**Belarus Shows 'Interest in Strengthening' Ties**  
*OW0303190093 Taipei CNA in English 1501 GMT  
3 Mar 93*

[Text] Brussels, March 3 (CNA)—Belarus has shown interest in strengthening cultural exchange with the Republic of China (ROC), a ROC representative in Europe said.

Fou Wei-sin, head of the ROC Cultural Promotion Association in Europe, said F. Kapoutski, president of Belarus State University, is scheduled to visit Taipei in May to promote cultural and academic cooperation with ROC universities.

The state art museum of Belarus has also decided to invite six prominent ROC artists to hold a joint exposition of their works in the museum in June this year, according to Fou.

**South African Ambassador Arrives 2 Mar**  
*OW0303093293 Taipei CNA in English 0746 GMT  
3 Mar 93*

[Text] Taipei, March 2 (CNA)—Newly-appointed South African Ambassador to the Republic of China (ROC) Johannes Lodewikus Viljoen and Mrs. Viljoen arrived in Taipei Tuesday [2 March] afternoon to assume the new office.

Ambassador and Mrs. Viljoen were greeted upon arrival by Hu Wei-jen, director of the Department of Protocol of the Ministry of Foreign Affairs.

**Nuclear Expert Group Attends Beijing Forum**  
*OW0403101893 Taipei CNA in English 0817 GMT  
4 Mar 93*

[Text] Taipei, March 4 (CNA)—Nuclear experts from Taiwan and Mainland China are attending an unprecedented cross-straits nuclear technology symposium in Peking Thursday [4 March] and Friday.

A 43-member delegation, headed by Chiu Szu-tsung, director of the Department of Planning and Evaluation of the Atomic Energy Council, left Taipei for Peking Wednesday. Members of the group include officials in charge of nuclear technology development, academicians and executives of the Taiwan Power Company.

Chiu said before departure that nuclear experts on both sides of the Taiwan Strait expected to start substantive cooperation on a basis of mutual trust and benefit. He also spoke of the possibility of inviting Mainland Chinese nuclear experts to visit Taipei.

Topics to be discussed at the two-day symposium will cover nuclear safety, protection from radiation, operations of nuclear power plants, and nuclear waste disposal.

Chiu and other members of the group will visit the Qingshan Nuclear Power Plant in Zhejiang Province and the Dayawan [Daya Bay] in Guangdong Province after the symposium.

#### **Cabinet Approves Vice Ministerial Appointments**

*OW0403115293 Taipei CNA in English 0754 GMT 4 Mar 93*

[Text] Taipei, March 4 (CNA)—The cabinet approved appointments to several high government posts at its weekly meeting Thursday [4 March] morning.

The appointees included Yang Pao-fa (vice interior minister); Fang Chin-yen (vice foreign minister); Yang Shih-chien (vice economics minister); Kao Kung-lien (1st vice chairman of the Mainland Affairs Council); and Jiao Jen-ho (2nd vice chairman of the Mainland Affairs Council).

#### **KMT Chairman Apologizes for Election 'Defeat'**

*OW0403115093 Taipei CNA in English 0802 GMT 4 Mar 93*

[Text] Taipei, March 4 (CNA)—President Li Teng-hui Wednesday [3 March] apologized for the ruling Kuomintang's [KMT] humiliating defeat in last Saturday's by-election for Penghu County chief.

Li, concurrently KMT chairman, made the apology at the party's weekly Central Standing Committee meeting after former Premier Yu Kuo-hwa, a committee member, lambasted the party leadership for the latest election setback.

Yu said the defeat in Penghu, a traditional KMT stronghold, was the result of internal rift and the immobility of the party mechanism.

"The party appears to be suffering from a leadership vacuum," Yu lamented. KMT Secretary General Sung Chu-yu has been nominated for the Taiwan governorship and is now busy seeking support of provincial assembly members for his nomination, while the party's first deputy secretary-general, Hsu Li-teh, has taken the vice premiership.

Yu regretted that the KMT has failed to restore solidarity within its ranks since it suffered a major setback in last December's parliamentary elections.

With the KMT's 14th congress only a couple of months away and the elections for county and city government chiefs due in December, Yu said, the party's task will become much tougher.

He urged the party to settle personnel changes as soon as possible and set up a task force to assess the loss in Penghu and prepare for the year-end elections for local government chiefs.

In response, Chairman Li said he has already drawn up a blueprint for personnel changes within the party, but will delay implementation until after Sung's nomination to the Taiwan governorship is confirmed by the provincial assembly on March 16.

Li said he felt deep regret about the Penghu election defeat. "For this I express my apology," he added.

Last Saturday, KMT candidate Cheng Yung-fa lost to his Democratic Progressive Party (DPP) opponent Kao Chi-peng in the Penghu County chief by-election.

Observers said Penghu voters switched to the DPP because they were weary of KMT factional infighting in the county. The DPP has only 30 registered members there, compared to KMT's 27,000.

In related news, KMT Secretary-General Sung held an emergency meeting with ranking members of his staff Wednesday in the hope of drafting measures to keep the party apparatus working during the transition period. He appointed Shieh Shen-shan, a legislator and the party's deputy secretary-general, to act for him.

## Hong Kong

### Lu Ping Discusses 1997 With Hong Kong Delegation

HK0203140093 Beijing ZHONGGUO XINWEN SHE  
in English 1310 GMT 2 Mar 93

[Text] Beijing, March 2 (CNS)—The Director of the State Council's Hong Kong and Macao Affairs Office, Mr. Lu Ping, meeting a delegation from the territory, spoke on the welfare problem of civil servants after 1997.

Mr. Lu said that after 1997, issues including the appointment and salaries of Hong Kong's civil servants will continue as before 1997. As long as there is no contradiction with the Basic Law, civil servants will continue to function as before that date. He said that the non-political nature of the civil service will remain after the handover.

Mr. Lu said that irrespective of whether it is before or after 1997, all civil servants are working for Hong Kong. After 1997, those who had previously worked for the Hong Kong government would not be discriminated against and could retain their posts. There would not be any big changes made, he added.

Mr. Lu reaffirmed that after 1997, salaries and welfare benefits for Hong Kong's civil servants would not be decreased and this was guaranteed in the Sino-British Joint Declaration and the Basic Law.

As for the issue of Hong Kong's Customs, Mr. Lu said that Hong Kong is an independent tariff zone and after 1997 customs matters will remain independent without becoming subordinate to the General Administration of Customs of China, but rather cooperating with it. The General Administration of Customs will not interfere with Hong Kong Customs affairs.

As for the Independent Commission Against Corruption, Mr. Lu said that after 1997, the Hong Kong Special Administrative Region will still have this independent body with its system of operation, institutions and functions remaining in place and even strengthened. After 1997, the ICAC will still operate independently and will be responsible only to the Administrator of the SAR.

### Lu Ping Meets Hong Kong Commerce Delegation

HK0303152393 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1431 GMT 3 Mar 93

[By correspondent You Xiayin (3266 1115 5419)]

[Text] Beijing, 3 Mar (ZHONGGUO XINWEN SHE)—Lu Ping, State Council Hong Kong and Macao Affairs Office director, said today that the Chinese Government's position has been the same all along, that it has advocated consultation as the means to solve the differences in order to maintain Hong Kong's prosperity and stability and achieve a smooth changeover of political power in 1997.

When meeting the Hong Kong General Chamber of Commerce Beijing-visiting delegation, headed by Cheng Ming-hsun, at the Diaoyutai State Guesthouse today, Lu Ping pointed out that if Chris Patten had heeded China's advice before he unveiled his political reform package last year, the current open dispute could have been avoided entirely.

Lu Ping said: When the talks between the Chinese and British Governments start depends on Britain's sincerity for the talks and its willingness to pursue discussion on the basis of correspondence with the spirit of the Sino-British Joint Declaration, convergence with the Basic Law, and the understandings and agreements previously reached between the Chinese and British Governments. He stated that the Chinese side will welcome it if the British side shows sincerity for cooperation.

Lu Ping stated that he agreed with the guests' views that it is hoped that, for the sake of Hong Kong's stability and prosperity, China and Britain could hold talks and solve as early as possible the differences over Hong Kong's 1995 elections.

But he reiterated that the talks, if there are any, will be diplomatic talks between the Chinese and British Governments; that is to say, a diplomatic talk between two sovereign states. Moreover, should the talks result in an agreement, the governments of both countries have the responsibility and obligation to implement and enforce it.

He stated that he genuinely hopes that China and Britain can strengthen cooperation and make it closer, and jointly achieve a steady and smooth transition of Hong Kong in the coming four years.

Lu Ping also replied to guests' questions on issues of concern to them.

Wang Qiren, Hong Kong and Macao Affairs Office deputy director, was present at the meeting. Lu Ping hosted a banquet for Cheng Ming-hsun and the others after the meeting.

### Assures Foreign Firms on 1997

HK0403052093 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1510 GMT 3 Mar 93

[By You Xiayin (3266 1115 5419)]

[Text] Beijing, 3 Mar (ZHONGGUO XINWEN SHE)—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, today told members of a group from the Hong Kong General Chamber of Commerce that Hong Kong's role as a bridge will increase in the wake of accelerating reform and opening up and high economic growth in mainland China. To overseas investors, Hong Kong offers vast vistas and great opportunities to make fortunes. He said that he himself has always been optimistic about Hong Kong's future beyond 1997.

Lu Ping specially told representatives of foreign companies in Hong Kong who were present that their future



was equally bright after 1997. In order to maintain Hong Kong's role as an international trade, financial, and shipping center, the future special administrative region [SAR] government will continue to welcome investment from abroad, and that foreign interests in Hong Kong will be protected and allowed to compete and grow along with local capital.

Lu Ping expressed the hope that foreign companies, which have contributed to the prosperity of Hong Kong over past years, would continue to play a part in the interests of Hong Kong in the future.

Referring to the role of the Hongkong and Shanghai Banking Corporation after 1997, Lu Ping noted that the Chinese Government has never had any plan to replace Hongkong Bank with the People's Bank of China after 1997, and neither would the People's Bank of China set up a branch in Hong Kong in the future. The Bank of China, which has cooperated and competed with Hongkong Bank in the past, will continue to do so in the future and will not replace Hongkong Bank either. The Bank of China is clearly aware that if it monopolizes banking services in Hong Kong, the territory will no longer be an international financial center. Then the Bank of China itself would be unable to keep growing in Hong Kong.

Repeatedly asked by the visitors about the issue new Hong Kong airport issue, Lu Ping replied that the Chinese Government's consistent hope is that the new Hong Kong airport will be built as soon as possible according to the Memorandum of Understanding on the New Airport Project. Nevertheless, this cannot be accomplished by anyone's wishful thinking alone, but requires both the Chinese and British sides to cooperate with each other and keep their promises.

Today, the 14-member group from the Hong Kong General Chamber of Commerce also called separately on Wang Shiyuan, secretary-general of the State Commission for Restructuring Economic System, and Tong Zhiguang, vice minister of foreign economic relations and trade.

#### Li Peng Meets Delegation

CM0403102493 Beijing XINHUA Domestic Service in Chinese 0940 GMT 4 Mar 93

[Text] Beijing, 4 Mar (XINHUA)—China's "one country, two systems" policy toward Hong Kong remains unchanged, and Sino-British cooperation should be further strengthened to ensure the smooth transition of Hong Kong back to Chinese administration, Chinese Premier Li Peng said here today.

Li said this at a meeting with a delegation from the Hong Kong General Chamber of Commerce (GCC) headed by its Chairman Paul M.F. Cheng here at the Diaoyutai State Guesthouse this morning.

Li said that Hong Kong will retain its position as a center of international trade, finance, and shipping after 1997.

China's policy of "one country, two systems" toward Hong Kong remains unchanged, and the interests of investors, including foreign businessmen, will be protected according to law, Li added.

Li said that Hong Kong's position as a bridge and transit point for economic exchanges and trade between China and the rest of the world will not be reduced, but enhanced.

"We are confident that Hong Kong will be even more prosperous," Li said.

He noted that there are only four years left before Hong Kong returns to Chinese administration. China and the UK should further strengthen their cooperation to ensure a smooth transition, and make adequate preparations in various aspects for a smooth handing over of the Hong Kong regime, he added.

Even though the Hong Kong governor's political reform plan caused difficulties for Sino-British cooperation, the premier said, proceeding from the overall interests of Sino-British relations, the Chinese side maintains that the two sides should "sit down and talk."

But, Li added, the conditions for that are respect for the Sino-British Joint Declaration, convergence with Hong Kong's basic law and other understandings, and agreements already reached between the two sides.

Li briefed the guests on the mainland's economic situation. He said that the economy of the mainland is developing well, and that this trend will continue.

The economic ties between the mainland and Hong Kong are becoming closer and closer, Li said. Therefore, the two sides should support each other to achieve common prosperity.

During the meeting, Cheng said that the GCC will continue to make efforts to help realize China's reentry into the General Agreement on Tariffs and Trade as a signatory state and the unconditional extension of China's most-favored-nation tariff treatment by the United States.

Cheng said that the GCC has been greatly encouraged by the achievements the mainland has made in its reform and opening, and its economic construction.

The GCC will continue to make contributions to the promotion of cooperation between the mainland and Hong Kong, and the maintenance of Hong Kong's prosperity and stability, Cheng said.

Li Peng also stated that Beijing's bid to host the Olympic games in the year 2000 reflects the common wish of all the Chinese people, including the compatriots in Hong Kong, Macao, and Taiwan.

"The bid is a great challenge and encouragement for us," he said.

Cheng said that the GCC hopes that the bid will be successful.

**Patten To Speak on Reform Package Future 5 Mar**  
*HK0403123193 Hong Kong AFP in English 1136 GMT 4 Mar 93*

[By Robert MacPherson]

[Text] Hong Kong, March 4 (AFP)—Governor Chris Patten is to face Hong Kong's Legislative Council [Legco] on Friday to spell out the future of his political reform package, amid signs that Sino-British talks on the thorny issue are set to begin.

Patten, who met his cabinet on Thursday to discuss what he will say, is to address a special sitting of the council from 2 p.m. (0600 GMT), after which he will take questions, Hong Kong government sources said.

Later in the day he will fly to Japan for an official visit, one day later than he had originally planned, the sources said.

Henry Tang, a Legislative Council member who was part of a delegation that met Premier Li Peng in Beijing earlier this week, said Sino-British talks might begin as early as next week.

In Beijing, the foreign ministry continued to hammer at Patten's attempt to substantially expand the electoral franchise in Hong Kong before the colony reverts to Chinese rule in 1997.

"The British side should abandon Mr. Patten's plan for political reforms" and embrace anew previous agreements between London and Beijing on Hong Kong's future, ministry spokesman Li Jianying said.

But Premier Li sounded more forward-looking, telling a delegation from the Hong Kong General Chamber of Commerce on Thursday that "something must be done in order to resolve the problems in Hong Kong as quickly as possible."

It was the "common wish" of Britain and China—whose diplomats have been talking for weeks about opening talks—to break the deadlock over political reforms, Li added.

His comments were reported prominently on the front page of the New Evening Post, one of Hong Kong's China-controlled newspapers.

Later Thursday, the official Xinhua news agency quoted Premier Li as saying that China feels the two sides should "sit down and talk" within the framework of their previous agreements on Hong Kong.

Xinhua's dispatch made no mention of withdrawing Patten's proposals.

"We are confident that Hong Kong will be even more prosperous," Li said.

Patten, a career British politician who has been governor for less than a year, unveiled his reform proposals in the partially elected Legislative Council last October.

Most Hong Kongers welcomed his plan, according to opinion polls, but China responded with a thunderous propaganda campaign and the suspension of contacts with Britain on other pressing Hong Kong matters, such as its new airport.

The proposals should have been gazetted last month as a prerequisite for their being debated in the Legislative Council, but the procedure was repeatedly delayed in a British sign of goodwill to China that it was willing to discuss them on a government-to-government basis.

"I suspect he's going to announce the further delay, or the indefinite shelving, of the gazetting of the bill for the (Sino-British) talks, but that's just a guess," liberal independent councillor Emily Lau said Thursday.

Most Hong Kongers, she said, wanted to see talks get under way. Indeed, hopes of a breakthrough helped lift the Hong Kong stock exchange's Hang Seng Index to a record 6,467.80.

"But I think the government should recognize that even more people, the over-overwhelming number of people, are afraid they will be sold down the river" and not consulted on their political future, Lau said.

One of China's strongest objections to Patten's proposals is his insistence that they be debated and adopted by the Legislative Council, which Beijing has long dismissed as a mere tool of British colonial rule.

But Tang, a member of the Cooperative Resources Centre [CRC], a conservative political grouping, said that during the CRC's mission to Beijing, it seemed China had finally accepted the council's role in the process.

"The Chinese know that whatever reform package has been agreed upon (during Sino-British talks), it will have to go to Legco," he said, "because the legislative process cannot be avoided."

#### 'Political' Budget Cuts Taxes, Increases Spending

*HK0403032193 Hong Kong SOUTH CHINA MORNING POST in English 4 Mar 93 p 1*

[Report by business editor Nick Thompson]

[Text] Financial Secretary Mr Hamish Macleod pulled the wraps off the biggest giveaway Budget in Hong Kong's history yesterday, blending a range of tax cuts with public spending increases across the board.

Nine out of 10 taxpayers will pay less in the year ahead and more than 250,000 others will fall completely out of the salaries tax net under the proposals presented to the Legislative Council.

But the revenue and expenditure plans allow for the Government's accounts for the year to slip into the red,

forming the first of a series of forecasted budget deficits in the years running up to 1997.

Some legislators are concerned that the cut in direct taxes is an undesirable departure from the previous philosophy of widening the tax net to ensure a more stable source of income.

Despite assurances from Mr Macleod that his mixture of big-spending and tax concessions would not be inflationary, some economists voiced concern that pressure on prices would rise again.

The stock market took heart from the plans, with the Hang Seng Index putting on more than 40 of the day's 92.4 points rise during the speech to close just 11 points short of its all-time record of 6,447.11.

Labelling his proposals as "building on success", Mr Macleod said his new programme would put \$23 billion [Hong Kong dollars] back into the pockets of taxpayers over the next four years, provide an extra \$17 billion for spending on infrastructure and community reserves, and still leave an extra \$6.8 billion in the reserves by March 31, 1997—just three months before the transfer of sovereignty.

He said \$78.4 billion would be left in the kitty.

In what was also one of the most "political" budgets in recent years, Mr Macleod made constant references to the advice and criticisms he had received from legislative councillors in the course of drawing up his plans.

From this had come a recipe that pumps extra funds immediately into health and welfare, education, law and order, public housing, transport systems, the environment, trade and tourism, retraining and arts and sports.

There are no new revenue raising measures other than an inflation-linked 9.5 percent increase in fuel, tobacco and alcohol duties.

The move towards deficits, first disclosed in Mr Macleod's maiden speech last year, will encounter opposition, but both he and the Governor, Mr Chris Patten, insisted yesterday it was plainly unnecessary to build up reserves above the level "which prudent judgement and past experience justify".

"Our robust economy and the surge in government revenues have raised our reserves this year well above that level," Mr Macleod said.

His forecast of a \$3.4 billion shortfall by March next year had arisen because he was "taking full and sensible advantage of the higher than expected surpluses of the last two years, rather than salting away even more of the community's money to boost our accumulated reserves".

"I do not believe either this council or the community would have welcomed a larger increase in our forecast reserves," he said.

Under the Airport Memorandum of Understanding, the Government has agreed to leave at least \$25 billion in its reserves in 1997.

Mr Macleod said \$78 billion might seem high, but spending would be around \$200 billion that year and as such, it did not seem an excessive amount to him.

Shortly after the speech, Mr Patten said: "I think we'd be under a lot of criticism if we just went on piling up the surpluses. The sort of surpluses we've got in Hong Kong would make most finance ministers around the world eat their hearts out."

Apart from the quarter of a million people falling out of the tax net altogether, the proposal to increase basic allowances by 22 percent for both single people and married couples along with leaps in child allowances and the widening of tax bands to provide direct help to the "sandwich class" will mean 1.2 million taxpayers will pay less in the year ahead.

The tax concessions will cost \$2.6 billion.

Mr Macleod and the Government now explain the initiatives sector by sector, starting today with works and tomorrow for transport and trade and industry.

#### XINHUA Official on Budget

HK0403023793 Hong Kong SOUTH CHINA  
MORNING POST in English 4 Mar 93 p 1

[Report by SOUTH CHINA MORNING POST Political Desk]

[Text] A Hong Kong-based mainland official yesterday warned that deficit budgets planned for the transitional period would upset the financial stability of the future special administrative region [SAR] government.

Mr Chen Keqiang, director of the economic affairs department of the local branch of the New China News Agency, said the deficit strategy this year went against the conventional fiscal policy adopted by the Hong Kong Government.

"It should not violate the principles of keeping expenditure within the limits of revenues in drawing up its budget, striving to achieve a fiscal balance, and avoiding deficits," he said.

"The government should not drain fiscal reserves during the transition period. This reserve is the wealth of Hong Kong people, generated over a long time. Britain should not overspend before 1997."

According to Article 107 of the Basic Law, the Hong Kong SAR should follow the principle of keeping expenditure within the limits of revenue in drawing up its budget and should strive to avoid deficits and keep the budget commensurate with growth of the economy.

Despite China's concern over the deficit, the director of the Chinese State Council's Hong Kong and Macao



Affairs Office, Mr Lu Ping, said the future SAR Land Fund would reach up to \$80 billion.

In assuring Hong Kong civil servants of their pension entitlement after 1997, Mr Lu told a visiting delegation of the Disciplined Services Consultative Council in Beijing that the Land Fund could be expected to swell to \$80 billion by 1997.

Mr Lu's remark, contained in a transcript of his meeting with the consultative council delegation and printed extensively in the left-wing Wen Wei Po yesterday, was made on the eve of Mr Hamish Macleod's Budget speech.

But his Land Fund comment was in sharp contrast to Beijing's previous stance that the amount would be less than \$80 billion.

Speaking to the consultative committee members on Tuesday, Mr Lu said China had to fight hard with Britain to ensure more reserves would be left for the SAR government.

"We don't fight for the money for ourselves, we won't get a penny," he said.

"We fight for the (future) Hong Kong Government, having also taken into account your pension entitlements."

Although Britain has promised to leave \$25 billion in the kitty for the post-1997 government, Mr Lu said Beijing could not rely on that sum.

"We still have the SAR Land Fund," he said.

"It is expected by 1997 that the fund would have about \$70 billion to \$80 billion.

"The two figures together would leave (the SAR) about \$100 billion. Although this doesn't mean (the SAR) would be very well-off, at least it makes it affordable to meet the pension payments."

#### PRC Refuses Entry Visa to Prison Researcher

HK0403021093 Hong Kong SOUTH CHINA  
MORNING POST in English 4 Mar 93 p 11

[Report by Willy Wo-lap Lam]

[Text] A leading chronicler of penal institutions in China has been denied entry into the country. Mr Hongda Harry Wu, a research fellow with the Hoover Institute at Stanford University, was denied a visa when he made an application in Hong Kong. No reason was given. His wife, who arrived with Mr Wu last week, was told her application was rejected because she was "the wife of Hongda Wu".

Mr Wu, 58, who left for the United States in 1985 after being locked up for 19 years in a laogai, or reform-through-labour institution, went back to China in 1991 to research Chinese prisons and prison labour. His writings and videos of laogai prisons, farms and factories, which were made available to an international audience after his return to the U.S., focused world attention on what he calls the Chinese Gulag.

"I want to go to China to see friends and relatives and to do some more research", Mr Wu said yesterday. "There is no reason why the authorities should bar me and my wife.

"I want to ask the New China News Agency (in Hong Kong) just how long their blacklist is."

He said Beijing could not brand him a counter-revolutionary. "Haven't they published a White Paper on human rights and indicated they are willing to conduct exchanges with the West?" "My writings and videos are based on Chinese data and on-the-spot film-making. I have never made things up."

Mr Wu said China's record on human rights should not be judged by individual prisoners Beijing had released. He said the laogai system, where thousands were incarcerated without recourse to judicial procedures, was "at the heart" of the abuses in China. "Beijing has released (student leader) Wang Dan and sent buying delegations to the U.S. to curry favour with the administration of Clinton," Mr Wu said. "Human rights should be a major question in Sino-U.S. relations, and be made a condition for the renewal of Most Favoured Nation status for China."

**END OF**

**FICHE**

**DATE FILMED**

5 March 1993

